

Impact of Different Types of Employee Participation on Organizational Commitment: A Comparative Study of Pakistan and United States of America

By

Komal Khalid Bhatti

A research thesis submitted to the Department of Management & Social Sciences,
Mohammad Ali Jinnah University, Islamabad
in partial fulfillment of the requirements for the degree of

**DOCTOR OF PHILOSOPHY IN MANAGEMENT SCIENCES
(HUMAN RESOURCE MANAGEMENT)**



**DEPARTMENT OF MANAGEMENT & SOCIAL SCIENCES
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Table of Contents

ABBREVIATIONS.....	vii	
ACKNOWLEDGEMENTS.....	ix	
DEDICATION.....	x	
ABSTRACT.....	xi	
<hr/>		
CHAPTER 1.....	01	
INTRODUCTION.....	01	
1.1 <i>Overview of Human Resource Management</i>		02
1.2 <i>Cross Cultural Study</i>		11
1.3 <i>Problem Statement</i>		13
1.4 <i>Significance of Study</i>		13
1.5 <i>Objectives</i>		14
1.6 <i>Research Questions</i>		15
1.7 <i>Organization</i>		16
<hr/>		
CHAPTER 2.....	17	
REVIEW OF LITERATURE.....	17	
2.1 <i>Human Resource Management</i>		17
2.2 <i>Employee Participation</i>		18
2.3 <i>Financial Participation</i>		26
2.4 <i>Direct Participation</i>		37
2.5 <i>Representative Participation</i>		43
2.6 <i>Organizational Commitment</i>		49
<hr/>		
CHAPTER 3.....	61	
METHODS AND MATERIALS.....	61	
3.1 <i>Research Design</i>		61
3.2 <i>Questionnaire</i>		63
3.3 <i>Reliability</i>		67
3.4 <i>Pilot Study</i>		70

3.5	<i>Respondents</i>	75
3.6	<i>Hypotheses</i>	83
3.7	<i>Research Model</i>	86
3.8	<i>Explanation of Variables</i>	88
3.9	<i>Summary</i>	91
<hr/>		
	CHAPTER 4.....	92
	RESULTS AND DISCUSSION.....	92
4.1	<i>RESULTS</i>	93
4.1.1	<i>Research Question 1</i>	93
4.1.2	<i>Research Question 2</i>	103
4.1.3	<i>Research Question 3</i>	125
4.1.4	<i>Research Question 4</i>	133
<hr/>		
	CHAPTER 5.....	138
	SUMMARY, CONCLUSION, RECOMMENDATION.....	138
5.1	<i>Discussion of Findings</i>	138
5.2	<i>Contribution of the Current Study</i>	143
5.3	<i>Implication of the Study</i>	145
5.4	<i>Conclusion</i>	148
5.5	<i>Limitations of the Study</i>	149
5.6	<i>Directions for Future Research</i>	149
<hr/>		
	REFERENCES.....	151
<hr/>		
	ANNEX A.....	168
	ANNEX B.....	171
	ANNEX C.....	177
	ANNEX D.....	182
	ANNEX E.....	187
	ANNEX F.....	192
<hr/>		

LIST OF TABLE

TABLE #	CONTENT	PAGE #
3.1	Demographics.....	64
3.2	Reliability Analysis.....	68
3.3	Descriptive Statistics.....	70
3.4	Correlation Matix of Pilot Study.....	71
3.5	Regression Model of Pilot Survey.....	72
3.6	Response Rate of Both Countries.....	74
3.7	Demographics of Respondents.....	75
3.8	Respondent Age.....	76
3.9	Age of Respondents for Pakistan and USA.....	76
3.10	Respondent Gender.....	77
3.11	Gender of Respondents for Pakistan and USA.....	77
3.12	Respondent Qualification.....	78
3.13	Qualification of Respondents for Pakistan and USA.....	78
3.14	Respondent Tenure.....	79
3.15	Tenure of Respondents for Pakistan and USA.....	79
3.16	Respondent Sector.....	80
3.17	Sector of Respondents for Pakistan and USA.....	80
3.18	Respondent Employment Status.....	81
3.19	Employment Status of Respondents for Pakistan and USA.....	81
4.1	Variables Included in Analysis.....	92
4.2	Descriptive Statistics for Pakistan.....	93
4.3	Descriptive Statistics for USA.....	93
4.4	Abnormal Multiple Regression Model for Equation # 1.....	96
4.5	Normal Multiple Regression Model for Equation # 1.....	97
4.6	Multiple Regression Model for Equation # 2.....	100
4.7	Abnormal Multiple Regression Model for Equation # 3.....	106

4.8	Normal Multiple Regression Model for Equation # 3.....	107
4.9	Multiple Regression Model for Equation # 4.....	109
4.10	Abnormal Multiple Regression Model for Equation # 5.....	112
4.11	Normal Multiple Regression Model for Equation # 5.....	113
4.12	Multiple Regression Model for Equation # 6	115
4.13	Abnormal Multiple Regression Model for Equation # 7.....	119
4.14	Normal Multiple Regression Model for Equation # 7	120
4.15	Multiple Regression Model for Equation # 8.....	122
4.16	Pearson Correlations Coefficients for Pakistani Data.....	126
4.17	Pearson Correlations Coefficients for American Data.....	129
4.18	Abnormal Multiple Regression Model for Equation # 9.....	133
4.19	Normal Multiple Regression Model for Equation # 9	134

LIST OF FIGURES

FIGURE #	FIGURE TITLE	PAGE #
2.1	Blake's Managerial Grid.....	24
2.2	Forms of Participation.....	37
2.3	The Participation-Commitment Cycle.....	51
2.4	Typology of Organizational Commitment.....	54
2.5	Ladd, Travaglione, Marshall Model.....	58
3.1	Process Followed for Population to Sampling to Elements.....	73
3.2	Research Model and Variables.....	86
3.3	Hypothetical Model.....	86
3.4	Research Variables.....	87
4.1	Abnormal Histogram for O.C.....	94
4.2	Normal Histogram for O.C.....	95
4.3	Abnormal Histogram for A.C.....	104
4.4	Normal Histogram for A.C.....	105
4.5	Abnormal Histogram for C.C.....	110
4.6	Normal Histogram for C.C.....	111
4.7	Abnormal Histogram for N.C.....	117
4.8	Normal Histogram for N.C.....	118

ABBREVIATIONS

A	Age
A.C	Affective Commitment
C.C	Continuous Commitment
CASE	Center for Advanced Studies in Engineering
Con.P	Consultative Participation
D.P	Direct Participation
De.P	Delegative Participation
E.S	Employment Status
ESOPs	Employee Share Ownership Plans
F.P	Financial Participation
G	Gender
GM	General Manager
HCMP	High Commitment Management Practices
HCWP	High Commitment Work Practices
HRM	Human Resource Management
IFTDO	International Federation of Training and Development Organizations
IRO	Industrial Relations Ordinance
JWC	Joint Works Council
KSE	Karachi Stock Exchange
N.C	Normative Commitment
NYSE	New York Stock Exchange
O.Com	Organizational Commitment
P.S	Profit Sharing
PDM	Participative Decision Making
PS	Purposive Sampling
Q	Qualification
R.P	Representative Participation
S.O	Share Ownership
SM	Senior Manager
SPSS	Statistical Package for Social Sciences
T and D	Training and Development

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DEDICATION

This thesis is dedicated to all those people who participated in this study and to those who have chosen to commit their time, expertise and effort towards completing this thesis.

IMPACT OF DIFFERENT TYPES OF EMPLOYEE PARTICIPATION ON ORGANIZATIONAL COMMITMENT: A COMPARATIVE STUDY OF PAKISTAN AND UNITED STATES OF AMERICA

ABSTRACT

The objective of this study was to explore the impact of types of employee participation (i.e. financial participation, direct participation and representative participation) on forms of organizational commitment (i.e. Affective commitment, continuous commitment and normative commitment).

This research study is based on the universal perspective showing a comprehensive review of theoretical and empirical literature with references to employee financial participation, employee direct participation, Representative participation, affective commitment, normative commitment and continuous commitment. Literature related to employee participation, and organizational commitment has been critically reviewed.

This exploratory study utilized a questionnaire distributed to a wide sample of employees of both American and Pakistani commercial banks. All middle level employees of commercial banks listed in Karachi stock exchange and New York stock exchange were included in the population. The estimated sample of the study is 250 employees from Pakistan and 250 employees from USA. Total number of banks selected for the study was 50 from both countries. The survey instrument was developed using a combination of existing scales across the four key themes of the thesis: Financial participation (Erik Poutsma, 2001), direct participation (Lammers, Meurs, Mijs, 1987), representative participation (Lammers, Meurs, Mijs, 1987), and organizational commitment (Meyer and Allen, 1991). Purposive sampling method was used to select the sample. Total response rate of the study was 67.4%. Keeping in view theories and evidences that are provided in the current literature hypotheses were developed.

This research study is based on four research questions. To answer these research questions statistical methods like descriptive statistics, scatter diagrams, Pearson correlation, multiple regression analysis and interaction forms were used.

This study indicated that in Pakistani settings types of employee participation has a significant and positive relationship with forms of organizational commitment while in American settings financial participation, direct participation and representative participation has strong and positive relationship with forms of commitment but weak relationship as compared to Pakistan.

CHAPTER 1

INTRODUCTION

Employee participation is considered as a combination of different tools designed to increase their input of various degrees in managerial decision making like organizational commitment, reduction of employee intention to turnover and absenteeism, increase in productivity and motivation.

Since Late 60s researchers of HR and Industrial Relations have been investigating the extent and type of employee participation within the organizations. Researchers and Academicians of Organizational Behavior, Industrial Relations and Human Resource Management discuss specifically Employee Participation and Employee Involvement (Blumberg, 1968; Poole, 1979; Marchington, 1992; Hyman et al., 2005).

Participation in decision making and decentralization are the most important organizational characteristics that influence not only employee productivity, job satisfaction, mmotivation but also organizational commitment Jones, Kalmi, and Kauhanen, (2010), (Apostolou, (2000), Light,(2004), Mowday et al. (1982), Walton (1985).

Singh(2009), in his study, stated that in current dynamic working environment and severe competition, organizations are required to adopt techniques which are flexible, adaptive and competitive due to the competitive pressures and rapid change in market conditions. More over organizations are realizing that their employees are the most important asset and organization's future depends on more involvement of employees in generating new ideas. The involvement of employees can help in many ways to the organizations including enhancing and generating creativity; changes in behaviors at work; workforce commitment and in organizational decision making processes. In many cases, managers are encouraged to allow a high degree of employee participation and autonomy to increase workforce commitment.

Employee participation can be seen as a roof which can be found under a wide range of practices, having potential to serve different interests. Any study focusing employee participation include wide-range of aspects in the form of employee share schemes, employee involvement

and high-commitment work practices, collective bargaining, employee empowerment, team working and partnership to capture the full picture of participation.

The issue of the degree of employee participation at work has held a key position in the literature on the development of Organizational Behavior and Employee – Employer Relationships. It represented a critical factor for researchers coming from two very different perspectives:

- i. Central source of employee well-being at work.
- ii. Quality of performance.

A number of aspects of employee participation has been highlighted and explored in the literature. In the late 1920s and early 1930s researchers initially focus on the participation of employees in the development of business strategies. The Hawthorne studies conducted by Mayo (1933) and Roethlisberger and Dickson in (1939) gave rise to an increasing interest in the human resource element of productivity, but absence of strong empirical support for these theories, however, turned initial enthusiasm into slight disbelief.

1.1 Overview of Human Resource Management

In late 1880s idea on Scientific Management was developed by Frederick Taylor. In his studies he advocated scientific selection of employee on the basis of qualifications and also discussed on compensation systems based on incentives to motivate workforce. In early 1900s many organizations develop their departments to maintain the welfare of workforce. During that era Industrial Psychology was developing which along with the World War 1, moved towards the development of recruitment and selection procedures.

In 1930s Mayos' Hawthorne studies Influenced Management Practices, which put a greater emphasis on informal and social aspects of the organizational environment that could affect employees' productivity. In late 1940s in U.S., a tremendous surge in union leads towards a greater emphasis on collective bargaining and labor relations within personnel management.

After Civil Right Act in 1964 the personnel function of the organizations was influenced by Title VII of the CRA, which prohibits discrimination on the basis of race, religion, color, sex and national origin.

According to Noe and Raymond (2006) in 1980s different trends impact Human Resource Management, which are as follows:

- i. Globalization of business and technological revolution. These factors have led to dramatic changes in communication, transportation and labor markets.
- ii. Increasing diversity of the workforce. HRM concerns evolve from EEO and affirmative action to "manage diversity."
- iii. The third trend, relates to the focus on HRM as a "strategic" function. In order to cope with rapid change, pressure for increased efficiency and intense competition HRM concepts must be incorporated in the overall strategic planning of the organization. In this era an extensive research was conducted to find out those different practices of human resource management that could eventually result in enhancing employee outcomes like employee productivity, commitment, satisfaction and loyalty.

1.1.1 Overview of Human Resource Management in Pakistan

A study conducted by International Federation of Training and Development Organizations (IFTDO) revealed that concept of HRM in Pakistan was bought by multinational organizations in the era of 90's, after which State bank of Pakistan and private commercial banks and insurance companies set up their own training and development departments. After that universities set up public administration departments and with this developed the basic knowledge among the organizations about HRM, which eventually led to the separate department of Human Resource Management.

HR departments in Pakistan were set up to develop a healthy working environment within the organization, increasing the employee's involvement and commitment to the organization but despite its nature no organization in current scenario claims to be 100 percent free from HR challenges such as low commitment and high turnover.

Recently studies conducted in the field of Human Resource Management again give a considerable attention on the fact that HRM practices can not only enhances organizational commitment but a very significant positive influence on organizational financial as well as market performance as evident in the countries of South Asia (India, Pakistan) and European Union. Singh (2009), Bhatti, Qureshi (2007), Poutsma (2001).

According to Markey 2001 and Heller et al. 1998 employee participation is generally divided in three basic forms that can exist at the same time within the organizations, which are financial participation, direct participation and representation or indirect participation. In financial participation employees are the owner of whole or part of the organization. Profit sharing and employee ownership are the examples of this form. Markey and Poole et al (2001) in their research studies didn't include financial participation for their research because according to them financial participation does not include employees in management decision making, but it does have an impact on employee commitment level with the organization.

Employee Participation has to be introduced in organizations where power is shared and everyone is given an opportunity to participate. Work is conducted by consensus and multidisciplinary teams are utilized to implement processes. All this demands a change in corporate culture, in which everyone must adopt the new principles and values, particularly senior managers.

Erik Poutsma (2001) in his research study "Recent trends in employee financial participation in the European Union" said that:

In general, four broad arguments support employee participation:

- i. Humanistic argument, whereby participation will enhance human dignity by contributing to personal growth and job satisfaction.
- ii. Power-sharing arguments, whereby participation will redistribute social power, protect employees' interests, strengthen unions and extend the benefits of political democracy to the workplace.
- iii. Organizational efficiency argument, whereby participation promotes efficiency within organizations.
- iv. Redistribution of results argument, whereby participation achieves 'sharing' in the sense of reaching a more equitable distribution of income, capital and other assets.

A study on US organizations by Poole, Lansbury, And Wailes (2001) indicates that it is difficult to estimate the prevalence of employee participation at workplaces. It is estimated that less than 5 percent of all workplaces in USA could be classified as having high involvement of

their workforce. Another study on USA data also revealed that while most employees would like to participate in on the job decisions but they lacked opportunities to do so. Osterman (1994)

In addition to the degree and nature of influence, employee participation may be characterized by the degree of formality of the process. Participation may also be direct, indirect or it may be in the financial form depending on the extent to which employees are personally and actively involved in making the decision. Personal participation in decision-making process involves programs of job enrichment and structures such as autonomous work groups typically lead to employees. On the other hand, direct participation can be differentiated from the many other forms which involve some form of collective representation of employee interests, leading to more "distant" participation of employees in the form of an elected worker representative on a company board or a consultative committee.

Organizational commitment is important to researchers and organizations because of the desire to retain a strong workforce. Researchers and practitioners are keenly interested in understanding the factors that influence an individual's decision to stay or leave an organization.

In this highly competitive organizational environment, where organizational survival is based on how an organization is maintaining and upgrading its capability of HR utilization, Katz (1964) conducted a research and concluded that in gaining organizational effectiveness, employee behaviors play a very vital role.

A study conducted on Pakistan by Bhatti and Qureshi (2007) stated that Human Resources Department in Pakistan is still facing a challenge to prove its significance to the organization's performance. They also explained that failures of human resource department to prove their importance to the owners or to the management of the organization are because they do not provide them with the short term economic worth of their existence.

In Pakistan HR concept is also flourishing day by day and employers as well as the employees are getting awareness of their rights and demands. Financial market particularly the banking industry of Pakistan has been facing a cut throat competition in Pakistan due to Foreign and Local investments. The major players have changed the gaming rules and adapted new modern techniques for their employees and customers. This led to a major shift in the human skills required for the job and employees switched a lot of jobs because of better prospects both financially and non-financially. Kamal, Yasir, Hanif, Fawad (2009)

The factors coupled with environmental uncertainty in Pakistan have put many organizations in a fierce competition of gaining more and more of the market share. Changing government legal requirement, increased awareness for security issue, new information system, downsizing, demand, for a more skilled workforce, and intensifying global competition are just a few of the other factors that have contributed to the complexity of HRM issues for today's companies. HRM encompasses those activities designed to provide for and coordinate the human resources of an organization. The human resources (HR) of an organization represent one of its largest investments.

Still limited research studies have explored the effect of different types of employee participation. To fill up this gap of research, present study has worked on the exploration of types of employee participation namely financial, direct and indirect and their consequent effect of forms of organizational commitment. The present study may contribute to management practitioners and academics by providing useful implications for designing effective employee participation practices which would in turn influence employees' commitment with the organization. Furthermore, Shakur et al (1999) in their study concluded that organizational commitment were positively associated with employee participation but in their study they did not include types of employee participation which could have a contradiction with different forms of organizational commitment.

Kamal, Yasir, Hanif, Fawad (2009) said that most of the Pakistani banks do not see employee participation as a driver of better employee performance. Employees participation in the decision regarding changes in organizational variables, such as pay scales, policy development, and work environment could be made in an effort to increase organizational commitment and satisfaction.

In the last few decades' government of Pakistan is trying to make the corporate sector more attractive for investment and for overall uplift of economy because of the significant role played by the organizations from different industries in the economic development of Pakistan e.g. Telecommunication, Banking and Oil & Gas sector. Despite their economic importance, many organizations suffer from a variety of structural and institutional weaknesses, which have constrained their ability to take full advantage of rapidly advancing process of globalization. Different studies shows that Human Resource Management Practices in different industries have not shown the change in both professional and non-professional onsets.

Organizational commitment meta-analysis conducted by Mathieu and Zajac (1990) also reveals that among the forms of commitment, the employee participation and organizational commitment relationship is largest observed. The two variables are considered to influence some employee's work-related behaviors independently.

New eras are constantly discovered to retain the potential employees by imparting "trust in management", through offering them incentives like Employee Participation and Empowerment. Employee Participation is a broad term that has been variously referred to as "Participative Management", "Work Design", "Industrial Democracy" and "Quality of Work Life" changing something as deep-seated an organization culture is possible. Either change gets easily and implemented or it gets extreme difficulty in doing so. It solely depends on the perception of the employees and the employees involvement programmers set by organization perception is a unique interpretation, not the actual recording of the reality. Studies revealed that if the employee finds the organization to be more supportive, a higher level of organizational commitment will result and the direct effort to induce commitment can produce long-term benefits for the organization. Steer (1997), Liu, Chiu and Fellows (2007)

According to William and Anderson (1991) and Gaetner (1999) more flexible and participatory style of management can strongly increase employees organizational commitment. Organizations and their management have to develop such practices which could improve their employee's organizational commitment rather than compliance.

Miller (2003) stated that in this rapidly changing market conditions organizations are facing challenges in the demand and supply of the skilled and potential employees. In order to be adaptive organizations require committed workforce. Studies conducted by Arnold (2005) concluded that employee's organizational commitment is always increased if they are given positive experiences with the organization and its management, by encouraging the coordination of shared goals and by allowing employees to participate in the decision making processes.

Employee participation represents the combination of task-related practices, which aim to maximize employees' sense of involvement in their work, and HRM practices that aim to maximize employees' commitment to the wider organization. Varieties of Employee Involvement Practices are included to support the task-related practices. These supporting practices include: training, to improve employees' problem-solving and communication skills;

financial participation schemes, to enhance the link between effort and reward; and an emphasis on job security and internal promotion, to engender employees' commitment to organizational success.

So far, the relationship between the employee participation and organizational commitment is not yet fully understood, partially because most researchers focuses their study on participation or commitment in relation to performance, instead of the direct link between participation and commitment. This can be proven by the fact that yet don't know what forms of participation lead to different forms of commitment, also knowledge lacks about what the crucial factors are in the process. This study determines the impact of different types of Employee Participation (Financial Participation, Direct Participation and Representative Participation) on Employee Commitment (Affective, Normative and Continuous Commitment). Especially affect of both Individual and Collective Financial Participation on Organizational Commitment in both countries.

A meta-analysis by Kruse (2002) on the research studies conducted in United States find out that employee ownership was resulting in higher organizational commitment, while studies were mixed between favorable and neutral findings on commitment, job satisfaction, motivation, and other behavioral measures.

This research study was examining either like United States employee ownership and other related forms of employee participation would show the same results with organizational commitment or not. This study would provide a comparative analysis that would help the future researchers and industry in establishing HRM strategies for the future.

According to most of the studies conducted in the field of financial participation divided it in to two main types profit sharing and share ownership. Base of profit sharing decision is have different reasons, which includes value to the organization, Affiliation, Moral obligation of the organization, employee retention, to enhance productivity and to attract new potential employees Kruse and Douglas (1993). In this study we also focused to find out the bases of profit making decision in banking sector of both countries.

A research study conducted in Center for Advanced Studies in Engineering, Islamabad, Pakistan (CASE), by Khan, Ali, Ahsan and Mirza in 2001 revealed that in Telecommunication

sector of Pakistan employee participation has a very strong impact on employee's normative, affective and continuous commitment.

Another study conducted by Kalyal and Saha (2008), in Public Sector of Pakistan reveals that employee participation has very little or negative impact on affective commitment and continuous commitment. In this study the effect of participation on normative commitment was not studied.

This study will help us to find out whether different types of employee participation have the same positive impact on employee's normative, continuous and affective commitment in banking sector of Pakistan as they shows in Telecommunication sector by Khan, Ali, Ahsan and Mirza in 2001 or they have no significant relationship as shown in the Public sector of Pakistan by Khayal and Saha in 2008.

1.1.2 Sector

In Pakistan Banking sector is the core financial sector. Investment and consumption of private sector is seen as the key drivers of the revenue generation and is supported by growing financial intermediation and services, including not banks, non-bank financial institutions and the stock market. Pakistan's banking industry and the broader financial sector has enormous potential to support faster economic growth and revenue generation. When compared with other emerging sectors like telecommunication and oil and gas sectors this banking sector, they remain small in relation to the economy. For sustained economic growth and revenue generation; recently an extensive sort of important structural reforms already have taken in this sector but more are needed for them to grow into its full potential.

1.1.3 Overview of Banking Sector in Pakistan

The banking sector in Pakistan has observed extreme changes over a period of 60 years. In initial periods of its development it suffered with severe lack of resources and uncertainty because of socioeconomic and political conditions. Shortage of skilled HR professionals resulted into poor quality of products and services.

With the establishment of State Bank of Pakistan (SBP) as the central bank in 1948 to subsequent amendments were made to extend the control and functions of banking in Pakistan. SBP encouraged the private sector to establish banks and financial institutions in the country. It

resulted into unhealthy competition and unlawful practices due to bribe and corruption during the decades of 1950s and 1960s. In 1974, all the existing banks were nationalized by the Government. The performance of nationalized banks deteriorated due to government protection to employees, resulting into the provision of inferior products and poor services. It also discouraged the private investors and foreign financial institutions.

The poor performance of nationalized banks caused the reforms/privatization of banking sector in early 1990s. In 2010, the Banking sector of Pakistan had playing pivotal role in the growth of country's economy. In accordance with the State Bank of Pakistan Act, the banking system of Pakistan is a two-tier system including the State Bank of Pakistan (SBP), commercial banks, specialized banks, Development Finance Institutions (DFIs), Microfinance banks and Islamic banks. As of June 2010, the banking sector comprised 36 commercial banks including 21 local private banks, 4 public sector commercial banks, 7 foreign banks and 4 specialized banks.

The banking sector in Pakistan has grown and expanded extensively during the past ten years and this fact has had and is still continuing to have a positive impact on revenue generation. The Federal Bureau of Statistics provisionally valued this sector at Rs. 311,741 million in 2005 thus registering over 166% growth since 2000. One of the reasons for the rapid growth of banking sector in Pakistan includes strategic HR development. Banking sector in Pakistan are attracting and retaining the best available talent which can maximize their profits. Bilal Zamiret *al.* (2010)

According to the Federal Board of Statistics 2010 among the three emerging sectors of Pakistan Oil and Gas, Telecommunication and Banking; growth rate of banking sector is greater than all, because of this reason we had selected commercial banking sector for our study.

By identifying factors that help to foster organizational commitment among banking sector employees, this study aimed to provide guidelines to bank officials to come up with policies which would enable them to attract and retain highly effective and efficient employees. In the Pakistani context, fostering organizational commitment among employees has become imperative for the organizations.

Because of the economic changes in the Pakistan, Banking Sector Organizations will have to work hard to create an environment that would enable them to attract and retain employees. Secondly, employees who are committed to their respective organizations are more

likely not only to remain with the organization but are also likely to exert more effort on the behalf of the organization and work towards its success and are therefore likely to be better performers than uncommitted employees.

Despite the wealth of literature on employee participation and its practices, up to now there has been a remarkable lack of large-scale survey evidence on the types of employee participation in work organizations in Pakistan. As this study provides a comparative analysis between USA and Pakistan, therefore this study will play vital part in understanding the impact of types of employee's participation on forms of organizational commitment in both countries.

1.2 Cross Cultural Study

Culture is considered as the collective programming of the mind which differentiates the individuals of one group from another group. Culture is not inherited but learned and is derives from individual's social environment. Almost every individual belongs to different groups and categories of individual at the same time, people unavoidably carry several layers of mental programming within themselves. Different levels of culture include national, regional, ethnic, religious, linguistic affiliation, gender, generation, social class, and organizational or corporate level.

For understanding the national culture Hofstede's 4-Dimensional (4 D) model of differncing in national culture is considered the most relevant one. According to him dimension is an aspect of a culture that can be measured relative to other cultures. His dimensions of cultures are as follows:

- i. Power distance
- ii. Collectivism versus individualism
- iii. Femininity versus masculinity
- iv. Uncertainty avoidance

Power-distance

Power Distance reflects the degree to which a culture believes how organizational power should be distributed (equally or unequally) and how the decisions of the power holders should be viewed (challenged or accepted).

Collectivism vs. individualism

Individualism-Collectivism describes the degree to which a culture relies on and has allegiance to the self or the group.

Masculinity-Femininity

It indicates the degree to which a culture values such behaviors as assertiveness, achievement, acquisition of wealth or caring for others, social supports and the quality of life. It basically refers to expected gender roles in a culture.

Uncertainty Avoidance

It refers to the extent to which a culture feels threatened by ambiguous, uncertain situations and tries to avoid them by establishing more structure. The high positive scores on the uncertainty avoidance index (UAI) indicate low tolerance for ambiguity.

For this study we had selected two dimensions to observe in our variations in our sample countries (USA and Pakistan) which are Power distance and Individualism and collectivism.

1.2.1 Dimensions for Hofstede's Model of Culture in this Study

i. Power Distance

At a score of 55, Pakistan is a hierarchical society. This means that people accept a hierarchical order in which everybody has a place and which needs no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat.

The U.S.A score low on this dimension 40. This is also evidenced by the focus on equal rights in all aspects of American society and government. In U.S.A hierarchy is created for employee's convenience, managers are accessible and depend on employees and teams for their expertise.

ii. Individualism vs Collectivism

Pakistan, with a score of 14 is considered a collectivistic society. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group.

U.S.A. with a score of 91 on this dimension, is a highly individualistic culture, which means it is a loosely-knit society in which the expectation is that people look after themselves and their immediate families. In organizations, employees are expected to be self-reliant and display initiative.

It is observed that there is a difference in the effect of both individual and collective financial participation on organizational commitment. This study will also find out the cause and effect relationship between these variables.

The purpose of this study is to determine that if selected HRM practice would explain variance in the organizational commitment of banking sector employees in the Pakistan and United States and also what kind and extent of differences exist in both countries regarding this relationship.

The fact that employees of organizations are becoming key to strategic decision-making seems reasonably indisputable even in Pakistani formation. Most of the research evidence regarding associations between types of employee participation and organizational commitment is from developed countries and little evidence is from the developing countries especially in sub-continent is available.

1.3 Problem Statement

The present study will be undertaken to explore and compare impact of types of employee participation on organizational commitment in Banking Sector of USA (Developed) and Pakistan (Developing).

1.4 Significance of Study

This study is an attempt to explore the impact of different types of Employee Participation (Financial participation, decision participation and representative participation) on organizational commitment (affective, normative, continuous commitment) in banking sector of Pakistan and compare it with USA. Looking towards all research studies completed in Pakistan, it is observed that there is insignificant research work done in Pakistan and also in USA in relation to the banking sector of the both countries and it has created a wide gap, which needs to be filled up by the present and the near future human resource management research scholars.

Although relationship among different forms of human resource management practices and organization commitment have been found by different researchers but practices like delegative participation, consultative participation, unions/ associations, worker's directors and financial participation have not been modeled together particularly in the context of Pakistan. The current study takes an opportunity to test theories like side-bet theory, social exchange theory and affective dependence theory in Pakistan that have been developed and tested in Western societies. This would also help different other researchers to examine these theories in general and identify their boundary conditions.

So far the studies conducted till date are unable to develop a clear understanding among profit sharing and share ownership and forms of organizational commitment, so the study aims to fill this present gap by analyzing the influence of profit sharing with forms of organizational commitment.

Today's knowledge economy demands investments in human capital of the organization and development of a work environment where employees excel at their jobs, but it is strongly perceived that practices like employee participation are intentionally or unintentionally ignored in Pakistan so research is the last solution to find out the truth, cause and solution.

1.5 Objectives

Specifically the objectives of the study are:

- i. To understand and analyze the types of employee participation and organizational commitment (Affective, normative and continuous commitment) in Banking Sector organizations of Pakistan and USA.
- ii. To explore the extent of association among types of employee participation and organizational commitment (Affective, normative and continuous commitment) in banking sector organizations of Pakistan and USA.
- iii. To find difference in the effect of both individual and collective financial participation on organizational commitment

1.6 Research Questions

This study will address following research questions:

1. To what extent different types of employee participation effect different forms of organizational commitment in America and Pakistan?

The first research question deals with the two issues:

- i. To what extent different types of employee participation (financial participation, direct participation and representative participation) can effect organizational commitment?
- ii. Is there any difference in the impact of their relationship in the Pakistan and America scenario?

The survey questionnaire that was structured to answer this research question consists of a series of 53 questions. And to find the difference between the two perspectives this was filled by the managers of both countries.

2. To what extent types of employee participation effect different forms of organizational commitment in America and Pakistan?

The second research question deals with the scenario that what would be the impact of types of employee participation on individual forms of commitment (affective, normative and continuous). Like the second question this question involves comparative analysis as well.

3. Is there any difference between associations of types of employee participation and organizational commitment in America and Pakistan?

The third research question deals with the association of types of variables and forms of organizational commitment. The answer of this research question requires a two dimensional analysis. First dimension is to dig out the positive or negative impact and significance or non-significance of the relationship. Second dimension is to check the relativity of each variable with each other in the America and Pakistan scenario. Different Descriptive and Correlation Statistics were used to analyze and differentiate the associations of variables between two countries.

4. Decision of profit sharing to be individual or collective is based on what perspectives?

The answer of the fourth research question will determine that whether decision of profit sharing to be individual or collective has any relationship with enhancing the productivity of employees, affection with organization, morality of employees, retaining employees and to attract suitable candidates in the organizations of both countries.

1.7 Organization

The remaining thesis is organized as follows:

Chapter 2 provides a comprehensive review of theoretical and empirical literature with references to Employee Financial Participation, Employee Direct Participation, Representative Participation, Affective Commitment, Normative Commitment and Continuous Commitment. Literature related to employee participation, and organizational commitment has been critically reviewed.

Chapter 3 explains the Data and Methodology used in the study for analysis purposes.

Chapter 4 explains the detailed analysis of types of employee participation and its relationship of organizational commitment with reference to both America and Pakistan.

Chapter 5 concludes the study along with managerial implications and future directions for research.

CHAPTER 2

REVIEW OF LITERATURE

Despite a relatively high level of consensus about the importance of employee involvement, there have been principal trends and differing views about both the factors that determine it. The earliest research literature to focus on the trends in the scope for decision-making in the job focused on its implications for the quality of working life. Its main concern was with the way in which changes in managerial work practices and in the nature of production technologies heightened employee 'alienation' at work (Friedmann 1946). While initially viewed as a problem of the erosion of the independence of the craft worker and the subjugation of manual work to tight supervisory control, the argument was extended in the 1970s and 1980s to the sphere of clerical work (Braverman 1974; Crompton and Jones 1984).

2.1 Human Resource Management

The literature on Human Resource Management is very diverse, in spite of having different beginning and path ways Clegg et al (2004) mentioned in his study that it was firstly emerged in America in early 1920s with the human relation movements and it is related with all the efforts of organizing, managing and monitoring of the workforce. According to Rose (1978, 1988) Human resource management was developed as an alternative of scientific management practices. Hawthorne studies brought attention to the influence of informal relations, social norms, feedback mechanisms and many other less technical matters.

Fry, Hattwick, Stoner (1998) suggest that commitment will increase in those organizations where coordination and control is based more on shared goals than on rules and procedures and also where employee participation is encouraged. This concept of de-formalization not only helps to improve organizational commitment but also organization efficiency.

Participation in decision making must also be discussed in terms of organizational structures because large bureaucratic organizations tend not to be as proactive in trying to incorporate employee ideas into the decision making process (Lipsky, 1980).

A further dimension was added to this perspective from the 1980s by the work of psychologists, particularly those in the 'Psychosocial' School (Johnson and Johanson 1991). Not

only did the lack of scope for decision-making lead to lower satisfaction with work, but it was found to be related also to higher levels of work strain, thereby threatening employees' health. In particular, decision latitude in the job was shown by a number of studies to be an important mediator between the level of job demands and the strain experienced by the worker. Several studies linked jobs with these characteristics to higher levels of blood pressure and increased risks of cardiac disease (Karesek and Theorell 1990; Theorell 1998).

2.2 Employee Participation

Strauss (2006) said that participation is a process that allows employees to exercise some control over their work and the conditions under which they work. It encourages employees to participate in the process of decision making, which have a direct impact on work environment. Substantial employee participation in management is vital for cross-functional integration and efficient working. Employee participation is a method where, a large number of subordinates share a degree of decision-making power with their superiors.

Employee participation could be considered as a process of involving employees directly, indirectly in their organizational decision making or have a financial stake within the organization. (Poole et al., 2001)

A series of independent studies have articulated the participative approach of managing employees as a linkage between modern work systems and employees' performance. These modern work systems have been labeled variously as high commitment work systems or high performance work systems. Studies of Arthur (1992) and MacDuffie (1995) proved a link between high participative work systems and performance.

2.2.1 Applied Approaches of Employee Participation

Studies on relations between participation and productivity may be divided in three different approaches:

- i. HRM-Oriented Approaches
- ii. Industrial relations Approaches
- iii. HRM and IR - Antagonistic or Compatible Approaches

HRM-Oriented Approaches to Employee Participation

Participation is a vital concept in HRM models. To participate means that organizations provide opportunities to the employees to improve their attitudes, competencies and creativity and personal “ownership” in projects through financial and delegative sort of participation to achieve organizational or managerial objectives. A division of cognitive, affective and contingency models of employee’s participation effects were made by Miller and Monge Miller (1986) providing evidence that participation practices in the workplace had a significant influence on employee’s organizational commitment.

Employee participation has become almost a management school by itself. Participation is linked to employee empowerment, consultation, financial involvement and several recent management concepts in addition to the HRM tradition. Empowerment means to increase employee’s authority to make individual decisions on their own work. Delegative participation according to Geary, Sisson, (1994) also means giving employee an authority to take decision of their own task so we can say both empowerment and delegative participation can be used as synonyms.

Industrial relations Approach of Participation

Industrial relation studies usually have components of institutionalization: main agreements, the role of laws, wage formation bargaining schemes and regimes, and labor market, in contrast to the structures of HRM approach. In IR approach working bodies including employee unions, work councils, and workers and employers federations are the core elements. This is shown in IR studies of the relations between employee participation and employee commitment. Bemmels (1987) found that unions had a negative impact on business performance and that bad climate of industrial relations at the workplace explained 50% of the negative union effect.

Machin and Stewart (1995) says that the mere presence of unions in establishments observed is an inaccurate measure of employee participation, even though it may say something about the pure existence of representative participation. Unions act differently across national borders, industrial branches and companies.

Freeman and Lazear (1995) suggests representative participation in organizations in three different ways including by providing information and facilitation to employees to enhance efficiency, employee consultation provide an opportunity for information sharing between

management and employees and that codetermination enhance employee commitment with the organization.

HRM and IR – Integrative Approach on Employee Participation

In between the HRM and IR perspectives, as a third one, we find studies that combine concepts of employee participation from both perspectives. Accordingly we find employee participation argued by efficiency as well as democratic values in this group of studies, sometimes even simultaneously.

Perotin and Robinson (2000) analyzed different employee participation types including direct or representative forms, that is employee participation in task control, communication schemes, works councils and consultative committees, profit sharing and employee share ownership schemes. They find that participation schemes that promote equal opportunities and incentives enhance not only employee's organizational commitment but also their performance.

Guest, Michie, Conway and Sheehan (2003) analyzed the relationship between HRM and business performance. Variables included in their study were systematic employee information, employee consulting and employee participation in different processes. These variables are connected with IR, but in this study used as operational tools of HRM.

Studies that merge HRM and IR approaches represent broader scopes and approaches including pluralism. Studies of institutional arrangements go hand in hand with studies of processes and relations on work place level and analysis sometimes combine efficiency arguments with democratic oriented ones. These studies demonstrate that IR and HRM perspectives may not be considered as opposites, but are compatible. All of these studies are presented quite recently.

The combination of HRM and IR approaches leads to new theoretic approach in studies of employee participation.

According to Joennson (2008) Employee Participation is often suggested to improve employee's relations to the organization. A multidimensional perspective on employee participation may heighten its specificity.

The term, Participation in Oxford Dictionary defines it as, “the action or fact of partaking, having or forming part of; the fact or condition or sharing in common, partnership, fellowship, profit sharing.”

McLagan and Nel (1995) view Employee Participation as:

- i. People in various roles thinking about the same things though form different perspectives.
- ii. Self-management by employees with formal leaders using authority-based control as a last resort.
- iii. Honoring and supporting the rights, accountability and dignity of all members of an organization.
- iv. Learning and sharing knowledge as people in the organization teach one other in every way.
- v. Organizational leadership acting as stewards, as opposed to acting as superiors.
- vi. Involving customers, shareholders, employees and future generations as stakeholders in the organization.

According to the studies conducted by Heller et al. (1998), Haim (2002), Marchington and Wilkinson (2005) Employee Participation is interpreted differently by different schools of thought including Human Relations School, Industrial Relations and Human Resource Management. The term employee participation varies from employee involvement to employee participation but the greater emphasis is on the meaning of employee participation which different people perceives differently. Here, one of the common assumptions about meaning of employee participation is that how significantly employees could influence its work related decisions.

2.2.2 Difference between Employee Participation and Employee Involvement.

There is a long discussion regarding the existing difference between the terms employee participation and employee involvement, some researchers like Frost (2000), Strauss (1998) believe that employee participation only exists through unions like labor unions or trade unions through which employees can protect their rights in organizations while on the other hand

Marchington (2005), Cotton (1993) determines employee involvement as an attempt by management to allow employees different forms of involvement, though in order to increase employee commitment and organizational efficiency. Often both terminologies are used together in the same literature.

According to Knudsen (1995), Markey (2001) and Marchington (2005) employee participation is a more soft approach for employers as it addresses a wide variety of organizational forms and techniques that could influence employees within the organizations, such forms of employee participation also includes direct and indirect techniques of employee participation. Strauss (1998) defined employee participation as a process which allows employees to have some influence their tasks and working environmental conditions. In a report by employment and Industrial Relation Department of Australia in 1985 also defined Employee Participation as an opportunity for employees to some influence on decision regarding their organization but not just decision regarding compensation, tasks and working environment Knudsen (1995). Markey (2001) said that employee participation includes employee consultation regarding production process and codetermination in decision making by employee representatives. It is also believed that employee participation is a probable solution for employee dissatisfaction, and other related problems in the organizations.

Employee participation recognizes as information sharing, collaborative decision making and shared ownership between employees and management. The amount of employee participation is reflected in the amount of influence employees wield on the organizations' plans and decisions. Bendix (2001)

Employee participation is a broader dimension of human resource management this covered concepts like employee empowerment, participative management, work design and quality of work life. Organizations with increased employee participation observe quicker, more responsive decision, continuous performance improvement and greater employee flexibility, commitment and satisfaction in them. Maintaining effective employee – employer relationship requires that both Human Resource Professional and Line Managers stay side by side of and make appropriate responses to issues that affect employees. Research indicates that participation is not usually needed to gain commitment toward objectives but having employee participation in the planning can be an effective means of fostering commitment with the organization.

Participation can be particularly helpful in developing plans for implementing goal. For these reasons managers often include subordinates in goal setting and in the subsequent planning of how to achieve the goal. According to Kirmizi and Deniz (2009) employee participation in planning and goal setting for the organization have a positive influence on employees commitment towards the organizations.

The literature regarding employee participation depicts a variety of ways to organize it, however some main aspects are distinguishable: cooperatives (Whyte and Whyte, 1991), employees' financial participation (De Nijs and Poutsma, 2006), quality circles (Rothschild and Ollilainen, 1999), team organization (Pruijt, 2003), various forms of the worker–manager–union relations of everyday work (Hodson, 2003) and participation of employees by direct or indirect channels (Regalia, 1996).

2.2.3 Theoretical Basis of Employee Participation

Employee participation practices and their relationship to organizational commitment are proved by Likert (1961, 1967), Follett (1940), Blake and Mouton (1964) and Douglas McGregor's Theory Y (1960). In the section below these theories and their implication regarding employee participation will be explained.

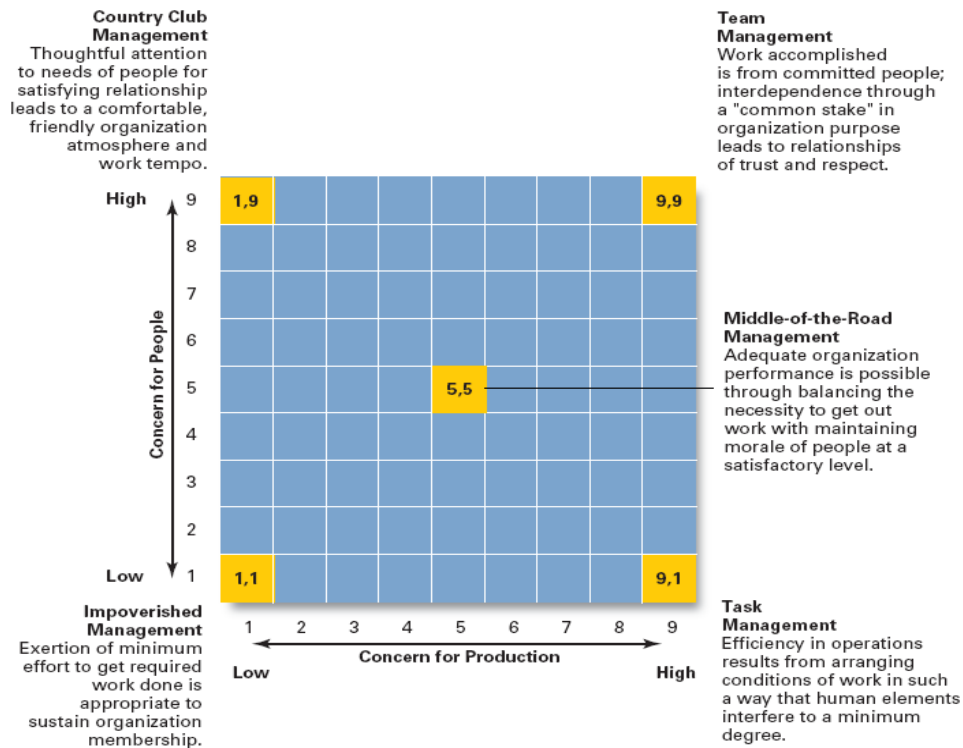
Management Systems Theory: This theory was given by Likert in 1961 in which he said that organizations are composed of different subgroups, each of them have assigned different task to which they are responsible. Each subgroup is supervised by a leader who also plays a linking role among different subgroups. Further in his study he focused on the need employee participation in their tasks by creating an environment of supportive communication between employees and management. Likert assumes four different leadership styles for leaders which can either create a participative environment or isolate employees form the management. These styles are as follows:

- i. Exploitative-authoritative
- ii. Benevolent-authoritative
- iii. Consultative
- iv. Participative

In exploitative-authoritative style is employer control their employees through fear, threats, tight control, downward communication, and centralized decision making. In benevolent-authoritative style employer uses rewards to motivate employees. They allow employees to give their opinions even if they do not use their ideas, resulting into enhancing employee frustration. In consultative style they use rewards and punishments with some increased involvement in decision making. Management seeks feedback and idea-sharing before major decisions are made. But in participative style of leadership management gives employees communication in all forms and direction, maximum involvement, trust and confidence in employees, and method selection. According to Likert (1961) this style of leadership provides support to employee participation initiatives in organizations resulting in enhanced commitment towards the organization from the employees.

Theory of Leadership Styles: This theory was presented by Blake and Mouton in 1964. According to them leadership styles reflect their support for employee participation. According to the figure # 2.1 team leadership style (9/9) shows a leader having greater concern towards both production and people.

Figure # 2.1: Blake’s Managerial Grid



They allow their employees for consensus in decision making, maintain a climate of trust, and appreciate rapid response from employees. They stated that Team Leader is the most supported representation of employee participation. This style emphasizes the importance of communication, the integration of individual and organizational goals which leads to organizational commitment, and concern for the maintenance of an organizational climate which satisfies employees.

2.2.4 Typology of Employee Participation

Typology of employee participation given by Levine and Tyson (1990) describes arrangements of employee participation according to following attributes:

- i. Types of Employee Participation (Direct Vs. Indirect).
- ii. The content of decision (Strategic or Work-related)
- iii. The extent of influence over decisions (High or Low)

It is also evident that in Levine and Tyson (1990) Typology they did not employ financial participation (profit sharing and share ownership) which Poutsman and Huijgen (1999) and Poole et al. (2001) included in their studies

Research in employee participation has examined how it affects an employee's normative, continuous, and effective commitment. Further it motivates employees and gives meanings to concepts like organizational loyalty (VanYperen, et al. 1999; Tesluk, et al. 1999) consequently leading towards high performance.

It is observed that employee's commitment to the organization is strong among those whose leaders allow them to participate in decision making. The need for employees to be more involved in decisions that affect their work has been a center of argument in current management issues (Hales, 2000). Employee participation programs are designed to deliver this involvement in their own right as well as those in which involvement is a necessary but not sufficient condition, such as Total Quality Management (TQM), is frequently advocated by Management Consultants (Clutterbuck, 1994, Dean and Evans, 1994).

According to Cotton et al. (1988) Employee Participation could be divided as following forms:

- i. Where employees have a partial ownership known as Financial Participation e.g. Profit Sharing, Employee Ownership Programs etc.
- ii. Where employees are directly involved in their work related decisions by management known as Direct Participation.
- iii. Where employee's opinions are taken by the management before making their work related decisions known as Consultative Participation.
- iv. Where employees are given participation through their representative like unions, worker associations, trade unions, worker directors, and this form is known as indirect participation of representative participation.

2.3 Financial Participation

Employers usually possess more reasons for the existence of employee financial participation like synchronization between employees and management, better economic performance of sectors of the economy, wage flexibility and wage moderation, and, for some capitalists and right-wing propagandists, which is a tax efficient measure to prevent unionization. There are several other objectives derived from the principal ones, like commitment effects and building an ownership culture (Erik, Willem, Poole, 2003).

In contrast to individual incentives, financial participation also enhances teamwork and a co-operative spirit, thereby facilitating improvements in work organization and the adaptation of the labor force to new technologies. Research study by Pendleton, McDonald, Robinson, Wilson (1995) indicates that incentive effects of financial participation schemes are much greater when they are accompanied by greater worker participation in decision-making. The assumption is that co-owners can only be expected to make the changes necessary to obtain the productivity gains they desire if they are enabled to make the decisions that are to bring about those changes. While financial participation may provide employees with the incentive for maximal involvement, direct participation gives them the tool with which to realize it. The introduction of profit-sharing without a parallel development of worker's participation in decision-making is neither feasible nor desirable.

Alex Bryson, John Forth and Simon Kirby (2005) said that by adding employee participation practices, such as problem-solving groups and team briefings, intended to

enable employees to work effectively in an ‘involved’ manner. A variety of other practices are then also included to support the task-related practices. These supporting practices include: training, to improve employees’ problem-solving and communication skills; financial participation schemes, to enhance the link between effort and reward; and an emphasis on job security and internal promotion, to engender organizational commitment to organizational success.

Reilly P and Cummings J, Bevan (2001) in their article “A Share of the Spoils: employee financial participation” said that some companies use these schemes merely as a form of good financial management, some only as a resourcing tool. Only proportions seek to recast the employment relationship with their staff. But there are other benefits that organizations can enjoy from involving their workforce more in its financial success.

In modern HRM literature the use of Employee Financial Participation is considered as part of the high-performance workplace and is recommended as one of the best practices of HRM (Pfeffer, 1994, 1998). According to Virginie and Robinson (2002), tying pay to overall collective performance, as with a profit-sharing scheme, may be regarded as a collective incentive that also encourages cooperation among workers and more intangible forms of commitment like “Organizational Spirit”.

Poutsma and Nijs (2003) said that arguments for putting financial participation into practice as a human resource management (HRM) instrument are organization specific. In that study it is proved that financial participation increases employee’s organizational commitment and can increase their entrepreneurial attitude, by enhancing collaboration between employees and employer. This argument suggests an alignment with other commitment instruments like empowerment and direct participation.

They also proved that arrangement between financial participation and organizational commitment is associated with high employee involvement within organizations. This participation covers at all levels on all issues within the organization. But, this argument has some problems as well. The foundations of employee participation can have quite different and contradictory objectives and functions:

- i. Financial participation might aim at flexible profit-related pay on an individual basis.

- ii. Direct participation might aim at improving the collaboration among employees.
- iii. Third and fourth objective of employee participation (indirect representative participation and collective bargaining) might contradict with financial participation since these earlier are mainly focused on collective schemes, solidarity and social justice.

The objectives of profit sharing and employee share ownership will tend to vary according to its particular proponents or initiators. Social harmonizers or altruistic proponents of these schemes see them as a way to realize equity and social justice. Managerial proponents expect the schemes to enhance organizational outcomes such as productivity and profitability. American and British Neo liberal proponents of financial participation expect the diffusion of share ownership to establish people's capitalism (Saunders and Harris, 1994).

Studies of Reilly, Cummings and Bevan (2001) have found a positive relationship between financial participation and organizational performance. This relationship is although not clear however, it does seem that financial participation methods generate positive attitudes at work, lead to better organizational environment consisting lower absenteeism, higher commitment, employee turnover and improved employee relations. It may be that already successful companies with the money to invest in financial participation schemes are merely supporting success rather than stimulating further success. Or it could be that such approaches are simply a part of wider employee-centered practices that together create the benefits. Reilly, Cummings and Bevan (2001).

Summers and Hyman (2005) in their study divided financial participation schemes in two main dimensions. These schemes include allocation of shares among employees, based on the assumption that share ownership induces positive attitudinal and behavioral responses. The second scheme includes financial participation in connection with flexibility of compensation, where an element of reimbursement changes with profitability or other performance related measures. Like other forms of employee participation, financial participation is distinguished by a sharing of property rights with employees. It gives employees an exceptional right to the organization's profit. Both profit-sharing and employee share ownership schemes can have a number of different characteristics which eventually affect their effects on performance or

employment. Neither type of scheme is necessarily associated in practice with any employee participation in controlling organization.

The concept of financial participation by Poole and Jenkins (1990) includes that profit sharing and employee share ownership is most commonly found in large, multinational organizations. Cash or shares are distributed to all permanent employees, the amount usually varying according to the individual's salary or length of service. In some instances, the profit or share scheme is only one element in a package of fringe benefits, additional to standard wage or salary. Management expects this generosity to encourage employee attachment and identity with the organization. It has a practical benefit in that it is likely to widen the pool of potential recruits, thus facilitating management selection of the most talented. Apparently, with this approach to financial participation its primary objective appears to be the attraction and retention of staff. Finally, the cost may be partially offset by tax concessions granted by many governments to companies operating such schemes.

Based on the findings of Poole and Jenkins (1990), Summers and Hyman (2005) we included variables like profit sharing and employee share ownership as variable of financial participation.

2.3.1 Profit Sharing

Profit sharing is the distribution of a share in organizational profits among employees. Employees may receive a sum at different moments in their work life (usually every year) or an accumulated sum on retirement (Kruse, 1993).

According to D'Art and Turner (2004) "Managerial schemes of profit sharing or employee share-holding are most frequently used to enhance organizational outcomes like organizational commitment, motivation, job satisfaction and enhanced productivity. Among organizations the goal, motivations and expectations for profit sharing schemes can vary, and the adoption of a particular perspective or approach is to some extent determined by the type, size and market situation of the organization.

Kuvaas B (2003) in their research study evaluated that preference for ownership and the perceived fairness of the employee ownership plan were significant predictors of affective commitment. These findings support the notion that employee ownership may have intrinsic

motivating effects on employees by way of a mediating mechanism, whereby the effects of ownership on organizational commitment depend on how employees evaluate and perceive formal ownership plans.

2.3.1.1 Individual Profit Sharing

According to Azfar, Danninger (2001) and Snellman (2002), profit sharing can be useful to reduce the risk for inefficient separations, because it enables a more flexible wage setting with temporary pay increases if the base wage is rigid. Raising the base wage then implies a commitment to keeping a high pay in the future as well. This raises the expected cost of the organization for raising the base wage, which may lead the organization to lower the rise in the pay of the employees and instead take the costs associated with separations. Profit sharing may thus give an opportunity for organizations to raise the pay of their employees without committing to maintain the higher pay in future. This means that profit sharing may lead to higher wage costs but lower costs for separations.

Study conducted by Kruse, Douglas (1993), stated that profit-sharing plans for employees are associated with higher organizational productivity and profitability, though the causality and mechanisms are unclear. This study includes data of 500 American companies, and panel data on corporate performance, to examine the relationship between productivity measures and the adoption and presence of profit sharing. Controlling for a variety of influences on productivity, profit sharing adoption is found to be associated with average productivity increases of 4-5%, with no subsequent positive or negative trend.

So far, very few researches have been conducted on this topic in relation to comparative study of organizational commitment so, this area is yet to be explored and this study would be a valuable addition.

2.3.1.2 Collective Profit Sharing

According to the research of Autenne (2000), collective profit sharing participation to workers may take two forms. Profits may be distributed:

- i. Directly, with the organization giving its employees a percentage of its profits (or possibly a percentage of the parent organization's profits);

- ii. Alternatively, it may take an indirect form, with the enterprise distributing beneficiary shares to workers, that is to say non-transferable shares with no voting rights, and therefore no right to attend a General Meeting.

Since very few researches are done on this topic in relation to organizational commitment so, this area is yet to explore.

A study conducted by Gregg and Machin in 1988 divided financial participation in different dimensions; cash based (e.g. profit sharing schemes) and share based financial participation schemes (e.g. share ownership schemes) and concluded that cash-based scheme could be used to enhance short-term employee motivation while share-based schemes could be used to develop longer-term employees' commitment with the organization.

2.3.2 Employee Share Ownership

Employee share ownership provides for employee participation in organization's results in an indirect way that is on the basis of participation in ownership, either by receiving dividends or by the appreciation of employee owned capital, or a combination of the two. Usually employee share ownership covers schemes where employees hold shares in the organization for which they work. Pendleton, McDonald, Robinson (2007).

Cotton, Vollrath, Froggatt, Lengnick-Hall, and Jennings (1988) in their article "Employee Participation: Diverse Forms and Different Outcomes", said that both formal and indirect participation are found in employee ownership. It is formal because the employees have the right to participate as stockholders, and indirect because even though the employees own the organization, it is run by managers who make the strategic decisions. Employees have a high level of influence through stockholder meetings and election of the board of directors. Similar to employee participation, is representative participation, which is formal, indirect, but of medium to low influence. Employees do not participate directly but through representatives elected to a board or governing body. During the late 70s there has been an improvement in the rate by which organizations in the United States have adopted employee ownership programs. In 1976 there were approximately 1,000 organizations owned by employees in the United States, whereas by 1989 there were more than 10,000 employee- owned organizations, which involve more than 10 million employees.

Culpepper, Gamble, and Blubaugh (2004), proved in their study that there is a connection between affective commitment and the perceived financial value of an employee share ownership, the increasing freedom of action resulting from the employee share ownership, and the importance of the ESOP for the employer. In addition, the freedom of action is related to normative commitment. The employer's objective contribution to the ESOP, on the other hand, correlates with continuance commitment.

According to the study of Bakan, Suseno, Pinnington, Money in 2004 concluded that formal employee ownership plans have been associated with increased loyalty and commitment of employees with organizations.

Martins, Pundt, Nerdinger in (2005) when conducted research to find out correlation between employee participation and commitment, revealed that this relation is very complex; they said that, "Employees participating in the organization's success are not fundamentally more committed to their organization than employees that do not participate in the success. However, this correlation tends to be moderated by the number of participation opportunities in the organization: that is employees sharing the organization's financial success have the strongest commitment if they also have sufficient chances to participate immaterially at their disposal".

A meta-analysis on the effect of employee ownership on productivity and profitability on the basis of nine studies comprising both cross-sectional and pre/post comparisons conducted by Kruse and Blasi (1995) shows an overall positive effect of American employee share ownership programs. They also analyzed that the average difference between organizations with and without ESOPs is at 6.2%. The study shows an overall weakly positive effect of employee ownership on worker attitudes and behavior. Same study was also conducted by Doucouliagos (1995) based on 11 studies finds a positive, although small and statistically low significant, relationship between employee ownership and productivity.

Pendleton (2010) in his research study "Employee Participation in Employee Share Ownership" finds out that participation is negatively related to commitment (contrary to predictions). These findings are shown to have implications for companies, policy-makers and researchers.

Diverse forms of methods have been applied to encourage employees to acquire shares in the organizations for which they work. Many organizations offer free shares to their employees, either occasionally or under an on-going scheme, for example by paying out profit-sharing bonuses in the form of organization shares. More often, organizations subsidize their employee's share purchases in one way or another, by offering employees special discounts, significant share options. Free shares, shares at discounted prices or both were available to employees in a large proportion of the numerous privatizations that took place in both Western and Eastern Europe in the last two decades (Earle and Estrin 1998). In some cases employees had prime rights to purchase their organization when it was privatized, and a structure based on a trust or an employee association was put in place. In others, employees were the best placed, or the only willing investors to buy shares in their organization, as it was privatized.

Whyte, Blasi (1984) proved that employee ownership improves commitment and identification with the organization, but economic performance is a function of the product, market, capital investment, technological-organizational innovativeness, infrastructural supports and access to support resources of the organization. It is also a function of the motivation of the workers, which can be stifled as encouraged by their lack of real influence and participation in the organization. Employee share ownership and a stake in organizational profitability produce a feeling of ownership (Pendleton, 2001) and this can lead to positive employee orientations and high levels of organizational commitment.

Keef (1998) found that share ownership did not result in the expected improvement in employee's attitudes, however, it has been argued that the positive motivational effects attributed to share ownership will only be triggered by 'significant' share ownership (Hyman, J., 2000). Pendleton et al. (1998) agree that, when the level of employee share ownership is sufficient to produce 'feelings of ownership', higher levels of commitment and satisfaction are observable in employees.

Klein (1987), in her study of 37 ESOP organizations, reported that there was no significant relationship between the percentage of share owned by the ESOP and employee's attitudes that are job satisfaction and commitment.

Long's (1977, 1978a, b) studies focused on the relationship between two dimensions of employee ownership including formal share ownership, and perceived participative decision-

making opportunities, employee's influence and other number of employee attitudes and behaviors. Results from his work revealed that perceived participation in organizational decision making was a stronger predictor than the formal dimension of ownership that is actual equity possession.

Long (1978a) also suggested that employee share ownership may lead to an increase in the employee's expectancy perceptions. Sense of shared interest that accompanies integration, includes the experience of common interest, shared responsibility and organizational commitment of the employee-owner. This can lead to an increase in supportive behaviors between employees and the organization.

Prior theorizing on the consequences of organizational commitment Mowday, Porter, Steers, (1982); Steers, (1977) has proposed that the committed employee is likely to participate in organizational activities. As a consequence, we can expect that these employees will regularly attend work and, therefore, have low levels of tiredness and absenteeism (Pierce, Dunham, 1987).

Virgine and Andrew (2002) in their research study "Employee Participation in Profit and Ownership: A Review of the Issues and Evidence" says that Both profit sharing and employee share ownership are thought to improve productivity by ensuring that employees' interests coincide to a certain extent with organization objectives. Both types of schemes provide employees with incentives to work more and better and to cooperate with colleagues and management, since their income will increase if enterprise performance improves. As a result, not only effort but also work quality and information flows should increase, so that organizational effectiveness will improve. Employees should organize their work better and be more willing to communicate information to management and to other colleagues, and to train junior colleagues.

Heller et al. (1998), financial participation can provide a route to results based compensation for employees and employee owned companies are often undemocratic, since employees have few control rights under these systems of participation.

Tannenbaum's (1983) and Rubenfeld, and Morgan (1987) suggests the development of this employee participation as a bonding process, organizational commitment behaved as an intervening variable in a relationship between psychological ownership and employee job

satisfaction. Studied on the employee ownership literature suggested that the socio-psychological effects of employee ownership arises from the effect that ownership has on identification.

They in their studies also put an argument that rewards can be stronger if a larger share of employee's outcome (salary) is affected, although the corresponding increase in risk implies that the average level of outcome would also have to be higher in order to compensate risk-averse employees. Similarly, rewards could be stronger under employee share ownership than under profit-sharing, since losses could be greater under employee share ownership as employee shareholder's wealth may decrease if organizational performance is poor. In addition, under employee share ownership and deferred profit-sharing schemes, which are more long-term oriented, employees may have rewards to acquire new skills and to stay with the organization longer, which would decrease turnover costs (such as the costs of training new employees for enterprise specific skills). It has also been argued that financial participation might reduce employee productivity by introducing individual employees not to work hard but instead to free-ride on the effort of others because of the collective nature of the profit sharing method. Individuals might be discouraged from working if they realize that the extra profit that could be generated by their increased individual effort would have to be shared with all other employees in this method. Instead of working harder they may actually work less and count on sharing the extra profit resulting from their coworker's effort.

Share ownership is typically concentrated among managers and other higher-paid workers. The other is trust ownership under Employee Share Ownership Plans (ESOPs), where the shares are held, and usually represented by, ESOP Trustees (with voting rights denied to employees).

Rizzo and Carbott (2006) in their study proved that various forms of financial participation tend to have one common factor that is a portion of worker's compensation linked to organization's economic performance. They also stated that employee share ownership has a much greater power of modifying ownership relationship than profit sharing. Share plans can be seen as method to generate commitment and act as a signal that employees will receive some returns from the organizational performance. In his study he also mentioned the argument of Ramsay and Haworth (1982), "The small amounts of equity that owners and managers may be willing to transfer to employees may not bring about a significant change in employee attitudes

and behavior. They agree that in order to generate positive attitudes among employees, the portions of equity transferred to employees have to be significant”.

To test the Ramsay’s view an empirical study conducted by Pendleton (2005), which concluded that significant portions of equity transferred to employees produced significant positive associations between share ownership and organizational commitment. He stated that, “If share plans are valued by employees for reason other than ownership and governance, the plans could generate positive employee attitudes even though their impact on the distribution of ownership and control is minimal.”

Employee ownership has demonstrated positive relationships with measures of organizational performance. There is substantial evidence that such attitudes as general satisfaction, involvement, commitment, and motivation are higher in employee- owned organizations. A series of studies by Long (1978a, 1978b, 1980) provides strong support. Long also found that job attitudes of employees in companies that were converted to employee ownership improved in proportion to the average percentage of total organization's stock held by non-managerial employees.

Summers and Hyman (2005) in their study divided work related participation in two forms:

- i. Individual or Collective.
- ii. Direct (face-to-face) or Indirect (representative) Participation.

These can be grouped into two main types of work-related participation: collective participation, which aims for a more equitable distribution of power throughout the organization, and ‘new’ forms of participation, which are more direct and individualized and have tended to grow out of management strategies which aims to secure organizational commitment to organizational objectives.

Hypothesis 01

H₁: Financial Participation has positive effect on organizational commitment.

H_{1a}: Financial Participation has direct positive effect on affective commitment.

H_{1b}: Financial Participation has direct positive effect on normative commitment.

H_{1c}: Financial Participation has direct positive effect on continuous commitment.

Direct participation involves "immediate personal involvement of organization members" while indirect participation involves some form of employee representation.(John L. Cotton, David A. Vollrath, Kirk L. Froggatt, Mark L. Lengnick-Hall, Kenneth R. Jennings, 1988)

2.4 Direct Participation

A characteristic of much of the literature discussed above is regarding the relationship of financial participation with organizational outcomes like organizational commitment. But here we will distinguish between quite distinct levels at which employees might have scope for involvement in decision-making. This form of employee participation occurs in the everyday practice of the job itself, it might consist in the capacity to have an influence on the design of, or change in, the system of work organization in which the employee is involved and it might take the form of consultation about broader and long-term organizational issues. These could be termed respectively delegative participation, direct participation and consultative participation.

Morgan and Zeffane in 2003 describes direct participation by giving decision rights to the employees and representative participation by giving employee decision making right by some types of representation like worker director, work councils and trade unions.

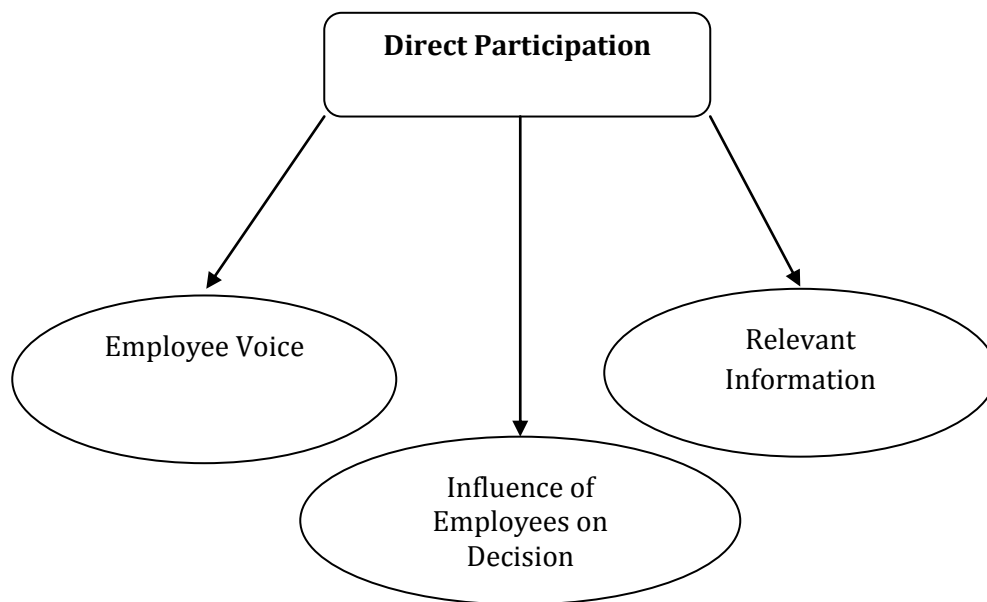


Figure # 2.1 Forms of Direct Participation

According to Strauss (2006) Direct Participation can be thought of as three dimensions as below:

- i. The employee's voice.
- ii. The actual influence of employees has over decisions.
- iii. Providing with relevant information to employees.

The importance of management-employee consultation at the workplace lies in the opportunity for employees to discover more about workplace issues and to influence their determination. Again, the nature of consultation can vary widely. It may be direct, manager to employee or indirect, manager to employee representatives. It may be informal, reflecting a "walk the talks" style of management or it may be formal, such as within a joint consultative committee Davis & Lansbury (1996).

Strauss (1998) in his study said that Direct Participation involves the employee in job or task-oriented decision-making in the production process at the shop or office floor level. He also stated that it included problem-solving groups or quality circles, and decision-making work teams or semiautonomous work groups. Both forms represent formalized means for management accessing of employee knowledge through small groups or teams of employees, but they differ in the extent of employee influence that they allow. Decision-making work teams generally enjoy greater discretion in organizing their own work within broad guidelines with minimal direct supervision. They require a reorganization of technology and work flow, multi-skilling and training

Tor and Torger (1999)said in their research study that there were a number of reasons because of which direct employee participation should be arranged in strategic planning, e.g. information about the business strategy might increase employees' understanding of , willingness and ability to work for business goals. Employees' participation in developing and implementing strategies can create ownership to organizational goals and to the practical means which they were invited to participate in developing. It also created a feeling of belonging and pride and hence increases their commitment with the organization. Furthermore, employees' knowledge, experience and ideas might improve the business strategy and secured a good practical implementation.

Most frequently the implicit assumption appears to have been that the importance attached to employee participation reflects a broad organizational culture and therefore its different aspects will tend to be found together. However, there is no inborn reason why this should be the case. Advanced technologies, for instance, may undermine the concept of the individual task in favor of a more highly integrated system of work. Blauner (1964), Naville (1963)

Maher & Piersol (1970) claimed that the concept of employee participation increases clarity regarding goals and objectives thus decreasing significant amount of frustration from the work situation. They concluded it as an outcome of the communication process within an organization.

Karpin in 1995 concluded in his study that the causes because of which many organizations were reluctant and very slow in implementation of higher levels of workplace consultation and participation. The study discussed that as an inconsistency in old and new management concepts. Characteristics of the old concept are assumptions that most employees are untrustworthy and that their disempowerment is appropriate (Herzberg's Theory X). There is an emphasis on managerial prerogative; "the local knowledge of all employees must be disciplined by managerial prerogative". Characteristics of the new, desired concept are the trusting and empowering of employees and recognition that the "local knowledge of all employees is critical to success and creativity creates its own prerogative" (Herzberg's Theory Y).

In the new forms of participation, often referred to "High-Commitment Work Practices" (HCWP), both the form of participation arrangements and the degree of involvement can go from one extreme to the other: 'no employee input' to organizational decisions, to 'complete delegation' for a situation of employee control (Marchington et al., 1992).

Studies shows that time may affect organizational and member's commitment to participation to decision making. Organizations and individuals involved in short-term participative decision making (PDM) may have less commitment than if the participative decision making continued over weeks or months. According to some researchers organizations must take a long-term approach to implementing PDM because outcomes often will be nonexistent or negative in the short run. In addition, short-term PDM may indicate less

commitment by the organization or, perhaps, a less positive attitude towards PDM (Sashkin 1976, Lawler 1986).

2.4.1 Delegative Participation

Delegation

Geary, Sisson, (1994) stated that delegation implies allowing or giving power to subordinates to execute organizational decisions. Participation can be defined as the delegation of decision-making power from managers to employees, allowing the employees to make decisions without consulting their supervisors.

According to the studies of Westhuizen (1995), delegation means that the manager assigns duties to others, and divides work in such a way that it is executed effectively. In a way, delegation reduces the manager's workload and ensures that he manages instead of focusing on functionally executed tasks. This context delegation restricts participation to only operational aspects of the organization.

Against the above backdrop, Westhuizen (1995) makes a distinction between participation and delegation. Participation recommends a joint decision making, delegation recommends assigning the duties. The implication is that, unlike delegation, participation treats employees an environment where their views are heard by organization's management. Both management and employees collectively work together to reach a decision. On the other hand delegation merely assigns duties for execution. But in participative environment employees should take part in the process of delegating. This means that they make suggestions within their teams and indicate among themselves which tasks an individual is supposed to execute. This implies that there are two forms of delegation: one is done by the manager alone by way of assigning duties while the other is executed in the context of participation where employees themselves take part in the act of delegating duties. In this study the latter usage of the term "delegation" is adopted. Through delegation employees either individually or in their teams is given authority. Such authority enables them to make organizational decisions that would otherwise have been the preserve of management. But delegation of authority is not possible without effective delegating skills residing within organizational leadership. Therefore, participation through delegation means that employees, team leaders and overall management are equipped with the necessary skills to ensure its effective use. In this regard Robbins (1997) notes

that the parties involved and to whom authority is to be delegated must be clear about what is to be delegated and the expected results of their use of authority. The above implies that delegation is not possible without information- sharing between management, individual employees and their teams.

Robbins (1997) said that every act of delegation comes with constraints. Individual's or team's authority make and implement decisions independently is not unlimited. Authority is delegated to teams or employees to make specific decisions within clear parameters. The success of employee participation thus depends on whether Management has clearly specified team parameters or boundaries.

It is evident from above, that delegation as a concept may interchangeably be used with participation. Thus, through delegation, employees or teams are empowered to solve problems and even make recommendations to management. Delegation therefore, may be viewed as the highest degree of employee empowerment. It does not only distribute power within the organization but it also develops employees' abilities as they carry out the delegated duties. Delegating tasks to employees, involving them in team meetings for planning and decision-making equips them with capabilities from which organizations too may also draw later.

Management gives employees increased discretion and responsibility to organize and do their jobs without reference back. According to Gill and Krieger (1999) Delegative participation can be divided in to two sub forms:

1. Individual delegation

Individual employees are given extended rights and responsibilities to carry out their work without constant reporting back to managers. Example of individual delegation could be job enrichment.

2. Group delegation

Rights and responsibilities are given to groups of employees to carry out their common tasks without regular reporting back to managers. Examples of group delegation could be group work.

According to Gill and Krieger (1999) consultative participation can be divided in to two sub forms:

2.4.2 Consultative Participation

Consultation

Geary, Sisson, (1994) in their study stated that consultation means the ailment of opportunities for participation to employees by organization. Through consultation, organization seeks the advice of employees, takes cognizance of their feelings and interests before a decision is made.

According to Mosoge (1996) consultation means the mode in which managers secure employee participation. As a result, consultation allows exchange of ideas and different points of view to take place between management and employees, and among employees themselves.

Consultation is directly related to participation. Through it, employees are made able to reach technically correct decisions. The wider the consultations are within the organization the more employee participation is foreseen. In organizations where sudden decisions are made employees are rarely consulted. Those organizations tend to have autocratic management. On the other hand, where there is consultation there is also full employee participation. Management shares problems and seeks solutions from all of their employees. In the process alternative views and solutions are generated and evaluated and consensus reached. This enables such organizations to reach quality decisions. However the extent to which consultation leads to quality decisions depends on how much relevant information is shared among the involved parties.

Cotton, Vollrath, Froggatt, Lengnick-Hall, Jennings (1988) in their study “Employee Participation: Diverse Forms and Different Outcomes” said that Consultative participation is a situations where employees engage in long-term, formal, and direct participation, and the content of the participative decision making is focused on job issues. The only difference between consultative participation and participation in work decisions (delegative participation) is that the first one involves a lesser level of employee authority. Employees give their opinions, but they do not have a complete decision-making power. Management encourages employees to make their views known on work-related matters, but retains the right to take action or not.

1. Individual consultation

Individual consultation is often seen as of two forms:

- i. Face to face consultation
- ii. Arm length consultation.

Face-to-Face Consultation includes an arrangement involving discussions between individual employees and the immediate manager, such as regular performance reviews, regular training and development reviews and comprehensive appraisal.

Arms-Length Consultation includes arrangements that allow individual employees to express their views through a third party, such as speak up scheme with counselor, or through attitude surveys and suggestion schemes.

2. Group consultation

Group consultation is often seen as of two forms:

- i. Temporary Group Consultation.
- ii. Permanent Group Consultation.

Temporary group consultation includes those groups of employees who come together for a specific purpose and for a limited period of time. For example Project Groups and Task Forces. Whereas permanent consultation group includes those are groups of employees who discuss various work-related topics at ongoing basis, such as Quality Circles.

2.5 Representative Participation

Strauss (1998), Markey and Monat (1997) in their study stated that indirect or representative forms of participation include joint consultative committees, works councils, and employee members of Boards of Directors or Management. Committees may be composed of employee representatives, or include management representatives for up to half of their membership. Sometimes they are appointed by management, sometimes by unions or a combination of the two, and sometimes they are elected by employees. Consultative committees usually have an advisory role to management, although they may have powers of codetermination over certain issues. There may be standing committees or ad hoc task forces with a specific brief for a specific time period.

According to Cotton, Vollrath, Froggatt, Hall, Jennings (1988) representative participation is classified as formal, indirect, and of medium to low influence. Their study says

that employees do not participate directly, but through representatives elected to a governing council or through representatives on the board of directors. Representative participation is similar to employee ownership, except the influence of employees generally is lower.

Sisson, (1996) stated that employee representative participation, in the opinion of managers, was also positive as far as the effect of direct participation on the economic performance was concerned. This was especially true in the case of reducing costs and employment in the short term. Employee representatives, it seems, were substantially involved in activities involving the restructuring of their workplaces.

For employers there is considerable evidence that representative forms of participation help build organizational commitment and co-operation, and facilitate high trust, low conflict relations among management, workers and unions. In addition, it is also evident that representative participation is strongly associated with effective forms of direct participation, which are designed to enhance productivity and efficiency outcomes in the workplace, specifically, organizations that are dealing with employee working conditions (EWC) in the European Union (EU) context.

According to Strauss (1998) representative participation is more effective than direct participation in terms of enhancing employees' organizational commitment. He also stated that direct participation would only be successful if representative participation is associated with it. According to him direct participation can bring limited amount of changes in the work activities of an employees of lower level employees and thus involve higher level management in their decisions. He states, "In fact, only relatively unimportant decisions are made at [the] workplace level. Really important decisions, relating, for example, to job security, are made higher up".

Zaheer Baig (2005) in his research study "Employer – Employee relationship in Pakistan" revealed that until 2002 when Pakistan adopted the Industrial Relations Ordinance, (IRO 2002), Pakistan had a three-pronged system of employee participation in management which are, within the Works Council, the Management Committee and the Joint Management Board), independent of each other and each having its own sphere of activities. The 2002 law simplifies the system, introducing a single body in place of the three previous ones: This is the joint works council (Article 24 of the IRO 2002). Joint works council must be set up in any establishment employing fifty persons or more. It consists of no more than ten members, forty

percent of which are worker's representatives. In the previous system, the management committee and the works council were composed of an equal number of representatives of the employer and workers, whereas the Joint Management Board had a worker's participation of 30 percent. The convener of the joint works council (JWC) was from the management.

Marchington, Wilkinson (2005), Looise, Drucker (2003) said that indirect forms of participation (works councils, trade unions) are renowned form of employee influence, but there is also an increase of direct participation practices. Moreover, this increase in direct participation does not reduce representative participation practices as is sometimes suggested. Instead, there is a neutral relation between direct and indirect participation; the amount of direct participation does not seem to influence the amount of indirect participation.

According to Strauss (1998) representative participation is likely to be more effective than direct participation and that the former needs to be associated with the latter to succeed. His argument is that direct participation can only make limited changes to the way work is undertaken because most fundamental changes affect workers outside the immediate vicinity of the participation process and thus need to involve higher-level managers. He states, "In fact, only relatively unimportant decisions are made at the workplace level". (Strauss 1998).

Representative participation covers all areas of content because worker councils or a Board of Directors can focus on any issue. Although the access of most employees is not high, the power of the representatives can vary from having a vote on the Board of Directors to a purely advisory voice on a worker's council. Cotton, Vollrath, Froggatt, Hall, Jennings (1988)

2.5.1 Employee Union

The unions may have access to all discussions, relevant information about organization including its financial as well as technological part of information so; they are in a better position to know the organizational condition and hence are better able to understand organizational problems.

The relationship between the organization and the union should not be overlooked. Often, that relationship becomes vital to the success of the employee involvement effort. Plovnick and Chaison (1985) found that the better the quality of the labor-management relationship, the higher the incidence of cooperative programs. Their study analyzed the relationship of concessionary bargaining and union-management cooperative efforts. Generally, the labor-management

relationship improved when programs were implemented. Although there was no analysis of sites without programs, the relationship between the two is significant, suggesting that the better the relationship, the more successful implementation might be. These results must be viewed with caution, however, since the study examined programs installed under times of economic coercion, and implementation was often part of concessions made at the bargaining table.

A 1989 article noted that the literature to that point had yet to clearly define the concept (Mann, 1989). In response, the author proposed that the term refer to:

"A structured mode incorporating some system of work-force representation designed to ensure widespread worker participation in achieving a common understanding among all concerned and affected parties in a given organization, and its sub organization units, of the purposes for which various work activities and tasks are undertaken, and which seeks to ensure a role for the workers in the decisions relating to how the work will be done."

There are organizational gains to be had through these cooperative efforts, just as there are in employee involvement. Research indicates that higher levels of productivity and quality can be obtained through cooperation in the unionized setting, with a correlation between the intensity of cooperative efforts and quality improvements (Cooke, 1989). In a study of 236 employee involvement programs, very few tangible benefits were gained by employees (Juravich, Harris & Brooks, 1993). Instead, most of the benefits were intangible increases in the working relationship, or other issues best thought of as managerial benefits. And in other research, authors have found that managers use the term union-management cooperation differently than do union officials (Voos, 1989). Managers often use the term refer to concessions, or other employee actions that simply make the organization more competitive. Further research has indicated that as managers perceive greater cooperative relations with their unions, they see a lessened role for their union in decision-making (Perline & Sexton, 1994). It is obvious that the reciprocity of cooperation is not always taken for granted, at least from a managerial perspective.

From an empirical perspective, there are considerable doubts about the extent and depth, either of the coverage of commitment incorporating cultures and practices or the depth of employee response to these practices. Non-union workplaces in particular have been prominent by their lack of coverage. In a recent review, Kessler and Purcell (2003) conclude that 'non-

union forms are unlikely to pursue such a high-commitment or developmental approach for the bulk of their workforce'. Both the 1992 and 1998 workplace surveys including Workplace Industrial Relations Survey (WIRS) arrived at similar conclusions for the majority of workplaces that is the diffusion of high commitment management practices (HCMP) was not especially widespread. Cully et al. (1999)

Addison, (2005), two dimensions of workplace representation and innovative workplace practices have historically been analyzed separately, although in recent years they have shown more overlap.

These dimensions of workplace representation are:

1. Collective voice was first applied to unions, where it shared equal billing with unionism's monopoly face.
2. Employee involvement has tended to be seen as management led and thus as a human resource management technique emphasizing high-commitment employment practices. Coinciding with the decline in unionism and growth in human relations practices, there has been the suggestion that unions and employee involvement are alternatives.

2.5.2 Worker Directors

Worker directors are pulled from the employee body to represent worker's views on the Board of Directors (BOD). Worker directors may be elected or selected, and many are drawn from the trade union body.

The shareholder's general meeting is a forum where the owners can exercise their rights by participating in the selection of the members of the board of directors and other major decision-making items. However, a minority shareholder is typically faced with a free-rider problem. Management virtually controls the agenda of the shareholder's meeting and pushes their own proposals without much opposition. Although proxy voting has been designed to mitigate this problem, proxy fights have been relatively infrequent and rarely successful. Large institutional investors such as investment funds and other financial institutions can play a more critical role in corporate governance since they are much less subject to the free-rider problem. Nevertheless, they have also been constrained by the legal structure, conflicts of interest, and political pressures. Romano, (1995); Kroszner, Randell and Strahan, (1999)

Stern in 1998 said that according to a management perspective, employee representation on the board may be considered a success, since employees are more involved and the interests of both management and workers are better aligned for higher organizational efficiency. Theorists with a collective bargaining perspective evaluate the board representation as ineffective or as a half success at best. They welcome the legitimate access of employees to corporate decision-making processes, permitting them to compete for influence particularly on issues directly affecting employee's interests. Nevertheless, the outcome is not satisfactory because employees are not adequately represented in most cases and not truly accepted by other members of the board.

Worker's Director is not a unique European concept. In the United States, there were early cases such as the Milwaukee Journal and Providence and Worcester Railroad. In more recent decades, worker representation on the board emerged in some organizations in financial upset due to accelerated competition, with labor unions making a major concession in wages and benefits. Some cases were Chrysler, Eastern Airlines, Pan American Airlines, and a number of trucking organizations in the early 1980s. Board seats for employees also came about as the result of employees rising as significant shareholders of their companies through ESOPs (employee share ownership plans), stock bonuses, and direct stock ownership. At the same time, board representation by employees or labor unions in the United States, where such representation is not legally mandated, has raised potentially complex legal issues, which might partly explain why worker directors are relatively rare there.

The role of worker directors is also limited as they struggle with role conflicts. As board members, they are required to act for the corporation as a whole rather than promoting the narrow group interests of employees, in spite of their obvious constituency. Given these conflicts, they often find themselves isolated from both other members of the board and from fellow workers. Lack of interaction with the worker constituency, which is partly attributable to the confidentiality restrictions, further constrains their effectiveness on the board. However, employee representation on the board is known to have made positive contributions in some areas. The board has increasingly been a forum for industrial relations and shop-floor issues, on which worker directors can give expert opinions, and made management more cautious about employee-sensitive issues such as layoffs and plant closures. Worker representation has also increased the flow of information among the board, unions, and employees, helping both

management and labor better understand each other and reduce conflicts. Finally, with new employee representatives, the board becomes more formalized and professional, and members representing the owner families tend to be replaced by professional members. Although worker representative may have no formal decision making authority, so the worker may bring the matter in the discussion forum.

Stern and Hunter in 1998 respectively in their studies said that the roles of worker directors have not been very effective, being mainly restricted to calling attention to the interests of employees and facilitating communication between the board/management and workers. Employee representation tends to be more effective in cases where the worker directors are directly elected by the workers and accepted as legitimate participants on the board. This is more likely to be the case where the board representation is motivated by the ideology of industrial democracy (shared by some corporate managers even in the U.S.) rather than financial difficulties.

Stern (1998) in his study analyzed that theorists with an industrial democracy perspective tend to regard the practice of Worker Directors as a failure. They view board representation as just another way of dealing with worker resistance without making any substantive changes to the corporate policy-making process or the ultimate outcome of power relations. They see that management or shareholder control over corporate matters is strengthened rather than weakened as board decisions are legitimized through worker participation.

Studies show that beyond a certain level of industrialization, the strategy of raising salaries in employment will be increasingly ineffective. Organizations are recognizing the importance of enhancing organizational commitment to greater work efforts and more human capital investment that will eventually lead to a stronger worker's voice. Organizational dependability and perceived participatory management are expected to inculcate a sense of moral obligation to reciprocate commitment to the organization.

2.6 Organizational Commitment

Meyer and Allen (1994) stated that organizational commitment is a psychological state that characterizes the employee's relationships with the organization has implications for the decision to continue membership in the organization. Other researchers use similar definitions that refer to an employee's attachment, goal congruency, identification, loyalty and allegiance to their

organization. Researchers generally agree there are three concerns used to classify types of organizational commitment. The three types of commitment are affective, continuous, and normative commitment (Meyer, Stanley, Herscovitch, Topolnytsky, 2002). The issue of organizational commitment within the private sector, has, generally, received significant research focus over the past 30 years.

2.6.1 Theoretical Basis of Organizational Commitment

Meyer, Lynne (2001) and Hope (2003) gave two major theoretical approaches in their research on commitment:

“Firstly, commitment is viewed as an attitude of attachment to the organization, which leads to particular job-related behaviors. The committed employee, for example, is less often absent, and is less likely to leave the organization voluntarily, than are less committed employees. Secondly, one line of research in organizations focuses on the implications of certain types of behaviors on subsequent attitudes. A typical finding is that employees who freely choose to behave in a certain way, and who find their decision difficult to change, become committed to the chosen behavior and develop attitudes consistent with their choice”.

Sandee Bybee (1999) in said that, “Organizational commitment may be defined as the relative strength of an individual's identification with and involvement in a particular organization. It can be characterized by at least three factors:

- i. A strong belief in and acceptance of the organization's goals and values.
- ii. A willingness to exert considerable effort on behalf of the organization.
- iii. A strong desire to maintain membership in the organization.

2.6.1.1 The Participation-Commitment Cycle

Aim of employee participation is to influence change in organizational culture and employee behavior. The participation-commitment cycle presents itself as a general theory to explain the reason of including employee participation practices in the organizations.

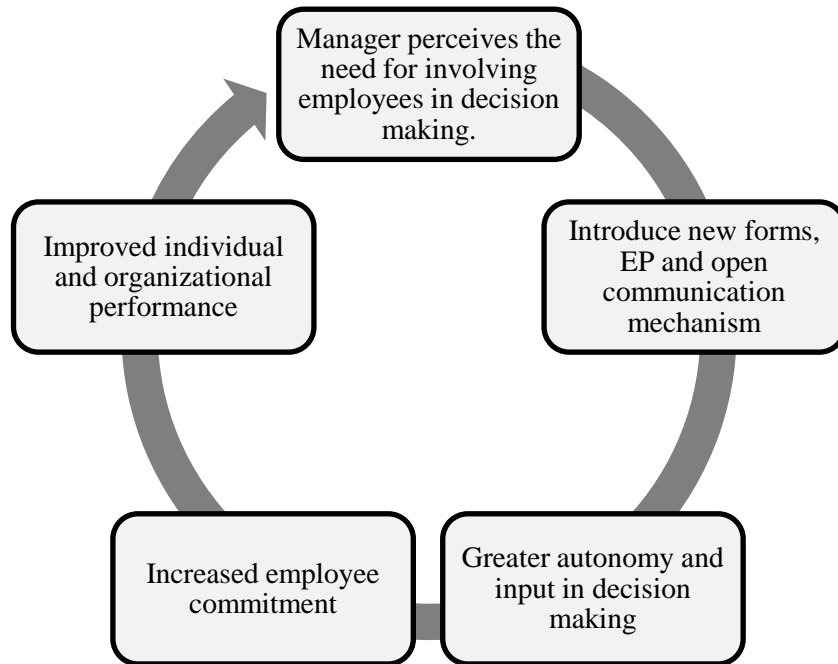


Figure # 2.3: The Participation-Commitment Cycle

According to John Bratton, Jeffery Gold (2003) manager perceives the need of involving employees in decision making which compels them to introduce new forms, EP and open communication mechanism resulting in greater autonomy of employees and input in decision making. By increasing autonomy organizational commitment level of the employees also increases. As a result of this individual and organizational performance increases.

2.6.1.2 Organizational Commitment Eras

Zheng, Kaurand Jun (2010) divided organizational commitment in three distinct eras since its conception. According to them over a period of time concept of organizational development has become clearer and more representative. The eras of organizational development includes:

- i. The Side-Bet Period (1960)
- ii. The Middle Affective Dependency Period (1974)
- iii. The Multi-Dimensional Period (1986)

2.6.1.2.1 *The Side-Bet Period*

Howard Becker's (1960) gave the conception of organizational commitment as the side-bet theory. This approach provides a comprehensive conceptual framework regarding individual perspective of organizational commitment. According to side-bet theory, the employee and employer relationship are based on the contract of economic exchange behavior. Employees are committed because they have some hidden investments, "side-bets," with the organization. If employee leaves, the investments of "side-bet" will be hardly claimed. The term "side-bets" refer to the accumulation of investments valued by the individual.

Becker (1960) argued that over a period of time certain costs accrue that make it more difficult for the person to disengage from a consistent pattern of activity, namely, maintaining membership in the organization.

2.6.1.2.2 *Middle Affective-Dependence Period*

Porter et al. (1974) advances second period of organizational commitment. In this era the focus of organizational commitment moved from quantifiable side-bets to the psychological attachment to the organization. The school of affective dependence describes employee's organizational commitment as a behavioral-centered than "economic-contract".

Porter and his followers (Mowday, Steers and Porter, 1979, 1982) defined organizational commitment as the relative strength of an individual's identification with and involvement in a particular organization. According to them organizational commitment is a combination of three distinct parts:

- i. Strong acceptance
- ii. Participation
- iii. Loyalty

Organizational Commitment Questionnaire which combined 15 items was based on the approach of Porter, Steers, Mowday and Boulian. It followed the three-dimensional definition and met satisfied reliability.

2.6.1.2.3 *Multi-Dimension Period*

Both Side-Bed theory by Becker (1960) and Affective dependency theory by Porter (1974) were one dimensional approach. O'Reilly and Chatman (1986) and Meyer and Allen (1984) presented a multi-dimensional aspects of organizational commitment.

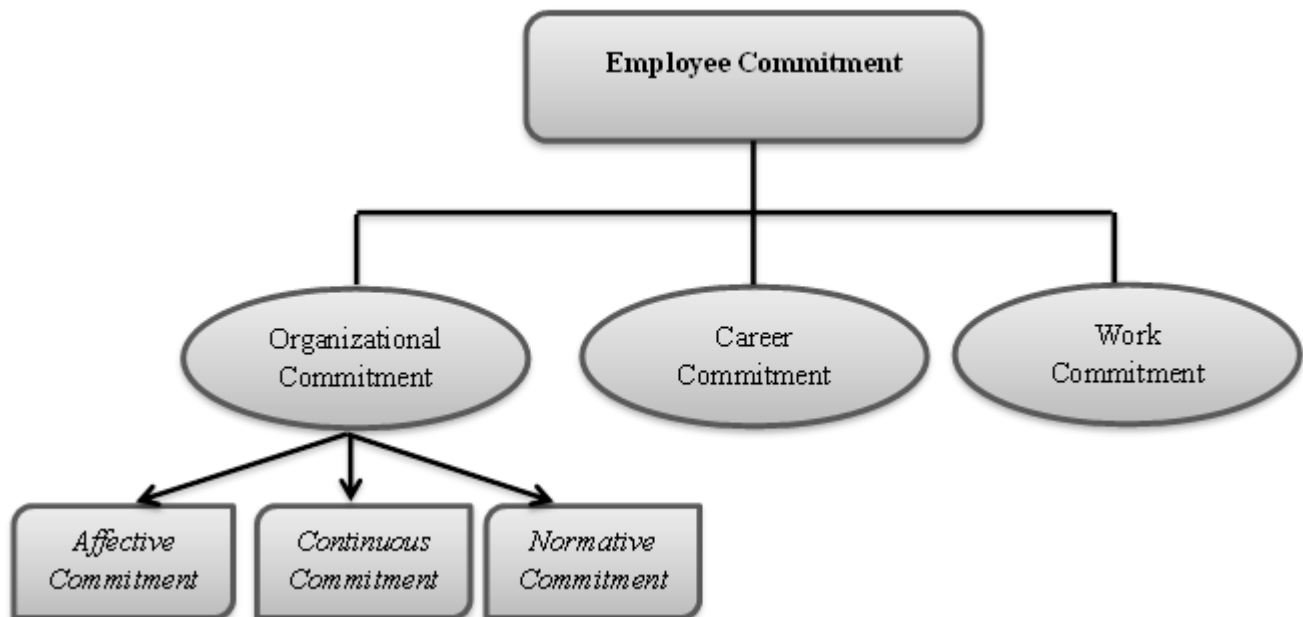
- i. *O'Reilly and Chatman (1986) Theory*:It differentiate among the antecedents and consequences of commitment and provides the outcomes for attachment on the other. This theory made a clear differentiation between two processes of commitment, the instrumental exchange and the psychological attachment. The compliance dimension that represents the exchange process leads to a somewhat shallower attachment to the organization. The deeper attachment, according to O'Reilly and Chatman, results from the psychological attachment formed by the two other dimensions, namely identification and internalization. The theory explains psychological attachment of an employee with the organization. As per the theory, employee's organizational commitment is because of attitude and the economic benefit function as a tool for achieving their goals. According to the theory organizational commitment is influenced by following three factors:
 - a) Instrumental involvement of employees for specific, extrinsic rewards.
 - b) Involvement of employees based on their desire for affiliation.
 - c) Internalization (Similarities between individual and organizational values)
- ii. *Meyer and Allen's (1984) theory*:This theory came in to light after the publication of the article "Testing the side-bet theory of organizational commitment: Some methodological considerations". Since then debate started the Becker (1960) did not operationalized side-bed appropriately. Side-bed theory did not measure side-beds but instead it measures the attitudinal commitment. According to Meyer and Allen (1984) side-beds are correctly measured by using the tools the measure the employee or individual's perception regarding the number and magnitude of the side-bets they have made. After careful assessment they had made two scales measuring affective and continuous commitment. Affective commitment scale was described to measure the positive feelings of identification with and involves the work organization. According to Meyer and Allen, Becker's side-bet approach is better represented by the continuance commitment dimension; as it assesses the extent to which employees feel committed to their

organizations by virtue of the costs that they feel are associated with leaving. Allen and Meyer (1990) added a new dimension in their theory as normative commitment which defines the employee's feeling of obligation to continue employment. Employees with a high level of normative commitment feel that they ought to remain within the organization.

2.6.2 Typology of Organizational Commitment

Muthuveloo and Rose (2005) in their study "Typology of Organizational Commitment" highlighted the typology of employee commitment and of organizational commitment.

Figure 2.4: Typology of Organizational Commitment



They said that Organizational Commitment is a subset of employee commitment, which is comprised of work commitment, career commitment and organizational commitment. Organizational commitment, in turn, can be subdivided into Affective Commitment, Continuance Commitment and Normative Commitment.

Meyer, Stanley, Herscovitch, Topolnytsky, (2002), in their study "Affective, continuance, and normative commitment to the organization: a meta-analysis of antecedents, correlates, and consequences", conducted a meta-analysis to find out relationship among affective, continuance, and normative commitment to the organization and relations between the three forms of

commitment and variables identified as their antecedents, correlates, and consequences in Meyer and Allen's (1991) three-component model.

The study revealed that the three forms of commitment are correlated but clearly different from one another as well as from job satisfaction, job participation, and commitment. Affective and continuance commitment generally correlated as expected with their hypothesized antecedent variables; no unique antecedents of normative commitment were identified. Normative commitment was also associated with desirable outcomes, although not as strongly. Continuance commitment was unrelated or negatively related, to these outcomes. Meyer, Stanley, Herscovitch, Topolnytsky (2002).

Marchington et al.'s (1992) study of employee participation in the United Kingdom (UK) further supports these findings. They conducted 25 in-depth case studies involving 38 sites and concluded that employee involvement was typically management initiated with the intention of improving communication and enhancing organizational commitment.

In management, commitment is indisputably assumed as a predicted employee response, represented by some performance measure, to bundles of progressive employment practices that include techniques such as team working, training provision or employee share schemes. Despite this, the management literature has been dominated by its attempts to identify those employee management practices that in combination may serve to enhance some measure of performance through organizational commitment.

Studies show contradictory associations between employee participation and organizational commitment. First series of studies regarding importance of participation were conducted by Meyer and Allen. Their widely disseminated conclusion was that it is not so important how a goal is set as it is that a goal, in fact, be set. Latham and Yukl (1975b) found that participative set goals led to higher performance than assigned goals only among uneducated woods workers. This difference may have been due to the higher goals that were set in the participative condition; goal commitment was not measured. Subsequently, a series of nine experiments comparing participative and assigned goal setting was conducted by Latham and his colleagues. Studies of Dossett, Latham and Mitchell (1979), Latham and Marshall (1982), Latham and Saari (1979a), Latham and Steele (1983), Latham et al. (1978), Latham, Steele, and Saari (1982) and Latham and Yukl (1976) found no differences in goal commitment regardless

of whether the goal was assigned or set participative, when goal difficulty was held constant. Ivancevich (1976, 1977) also failed to find consistent differences in the effects of participative and assigned goals on various performance measures in two field studies. Dossett et al. (1983) found no effect on commitment or performance attributable to participation in a field study.

2.6.3 Normative Commitment

Normative commitment is characterized by a sense of obligation towards the organization. It is heightened if an individual, having enjoyed certain advantages due to the membership in the organization, feels a strong desire to repay these advantages. Additionally, normative commitment occurs if an individual considers acting in the organization's interests as a component of his or her psychological contract with the organization. A third way for the development of normative commitment is based on the socialization of the individual. If, in the course of his or her socialization, an individual perceived acting in the interests of an employer as a norm for appropriate behavior, he or she will have stronger feelings of commitment towards the organization. Martins, Pundt and Nerding (2005)

Normative commitment is concerned with feelings of obligation to remain at the organization (Meyer and Allen, 1991). Wiener (1982) has suggested that normative commitment develops as a function of socialization experiences, for example, societal or familial. Angle and Lawson (1993) have suggested that normative commitment represents a personal value defining an individual's propensity to commit and therefore, acts as an antecedent to commitment. Furthermore, the distinction between normative and affective components of commitment has not been empirically supported, and further research is necessary to gain construct clarity (Bergman, 2006). As psychological ownership is a function of contextual factors, rather than experience or dispositional factors, and given the current criticisms of the construct, normative commitment is not included in the present study.

The potential antecedents for normative commitment include coworker commitment, organizational dependability and participatory management. Co-workers' commitment is expected to provide normative signals that influence the development of normative commitment. Organizational dependability and perceived participatory management are expected to instill a sense of moral obligation to reciprocate to the organization. [Rajendran and Raduan, (2005)].

Stinglhamber et al (2002) in his study mentioned that employee participation has a significant positive effect on normative commitment. They concluded that normative commitment correlated across organization, supervisor, work group and occupation. They also argues that normative commitment to supervisor and work group might ensue from engaging into a social exchange relationship with them or from being socialized into values of loyalty to these targets.

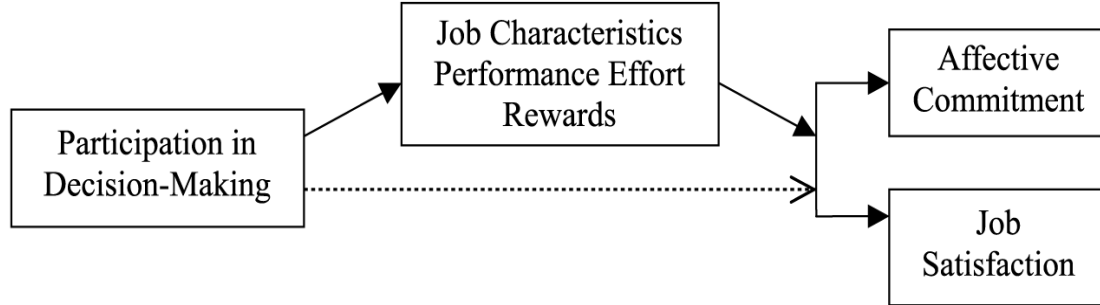
2.6.4 Affective Commitment

Affective commitment refers to the affection of the employee with the organization and its purposes. This attachment may develop owing to various factors such as brand image of the organization, autonomy, challenging tasks, relationship with colleagues, superiors and subordinates, and other work conditions.

Martins, Pundt, and Nerdinger (2005) in his study discussed that the correlation between employee participation and integration (consensus) may be mediated by organizational commitment, particularly by affective commitment. An integrating aspect of commitment is that the employee's desire to continue to stay in the organization sustains the organization even if different opinions are discussed. Solidarity with the organization is not questioned which prevents the collapse of the organization in the case of conflict.

Ladd, Travaglione, Marshall (2006) investigate the influence of participation in decision making. They examine the role participation plays within a decentralized employee relations environment that claims to encourage greater employee involvement. Whereas, investigation causal inferences reveal that relationships are not apparent when analysis occurs at only one point in time. Inferences from this study suggest that participation in decision making promotes autonomy, job satisfaction and affective commitment; however in this context at least, it is task variety and rewards that appear to promote participation in decision making. More positive attitudes to work effort appear to correlate with higher job satisfaction and participation in decision making. Affectively committed employees also appear to be more positively inclined toward job satisfaction, work effort and their rewards.

Figure # 2.5 Ladd, Travaglione, Marshall Model



Source: Ladd, Travaglione, Marshall, (2006), "Causal inferences between participation in decision making, task attributes, work effort, rewards, job satisfaction and commitment", Leadership and Organization Development Journal, Vol: 27, No: 5

2.6.5 Continuous Commitment

Employees may prefer to stay in organization owing to high cost of switch-over of the job. Commitment to organization owing to these economic reasons is defined as continuance commitment.

According to research study of Rajendran and Raduan (2005) Age, tenure, career satisfaction and intent to leave could be included in potential antecedents of continuance commitment. In general, whatever employees perceive as sunk cost, as a result of leaving the organization, are the antecedents of continuance commitment.

According to the studies of Denison (1990) and Markowitz (1996) if employer gives decision making power to their employees either by delegation or consultation their moral and commitment towards the organization will be enhanced which will ultimately benefit organization by following ways:

- i. Enhance organizational profits.
- ii. Enhance organizational stability.
- iii. Enhanced employee retention because of enhanced normative and continuous commitment.

Mongezi Hutton Nyengane (2007) in his study develop an argument in which he said that employees estimate their earnings in the organization based on what they have put into the organization and what they stand to gain if they remain with the organization . Sometimes employees express continuance commitment because of personal investments in non-transferable

investments. The investments could be in the form of time and money tied up in an organization's retirement plan, special skills that are unique to a particular organization, close working relationships with co-workers and other benefits that make it too costly for one to leave the organization and seek employment elsewhere. In addition to the fear of losing investments, individuals develop continuance commitment because of a perceived lack of alternatives.

Allen and Meyer (1990, 1991) describes that such an employee's commitment to the organization would be based on perceptions of employment options outside the organization. This occurs when employees start to believe that their skills are not marketable or that they do not have the skills required to compete for positions in another field. Such employees would feel tied to their current organization. Employees who work in environments where the skills and training they get are very industry specific can possibly develop such commitment. As a result, such employees could feel compelled to commit to the organization because of the monetary, social, psychological and other costs associated with leaving the organization. Unlike affective commitment, which involves emotional attachment, continuance commitment reflects a calculation of the costs of leaving versus the benefits of staying.

2.6 Hypotheses:

H₁: Financial Participation has positive effect on organizational commitment.

H_{1a}: Financial Participation has direct positive effect on Affective Commitment.

H_{1b}: Financial Participation has direct positive effect on Normative Commitment.

H_{1c}: Financial Participation has direct positive effect on Continuous Commitment.

H₂: Decisions based on profit sharing has a significant relationship with productivity, affection, retention, recruitment and morality.

H_{2a}: Decisions based on profit sharing has a significant relationship with Productivity.

H_{2b}: Decisions based on profit sharing has a significant relationship with Affection.

H_{2c}: Decisions based on profit sharing has a significant relationship with Retention.

H_{2d}: Decisions based on profit sharing has a significant relationship with Recruitment.

H_{2e}: Decisions based on profit sharing has a significant relationship with morality.

H₃: Direct Participation has positive effect on organizational commitment.

H_{3a}: Delegative participation has direct positive effect on Affective Commitment.

H_{3b}: Delegative participation has direct positive effect on Normative Commitment.

H_{3c}: Delegative participation has direct positive effect on Continuous Commitment.

H_{3d}: Consultative participation has direct positive effect on Affective Commitment.

H_{3e}: Consultative participation has direct positive effect on Normative Commitment.

H_{3f}: Consultative participation has direct positive effect on Continuous Commitment.

H₄: Representative Participation has positive effect on organizational commitment.

H_{4a}: Representative Participation has direct positive effect on Affective Commitment.

H_{4b}: Representative Participation has direct positive effect on Normative Commitment.

H_{4c}: Representative Participation positive effect on Continuous Commitment.

CHAPTER 3

METHODS AND MATERIALS

The previous two chapters reviewed the literature containing Employee participation and organizational commitment. This chapter describes Research Methodology for the study. The population, sample and the sampling approach is explained. Moreover, the instruments that were used in the research are elaborated and their applicability is discussed. Finally, a brief description of the used relevant Statistical Techniques is also provided.

The broader purpose of the present study is to explore the relationship between types of employee participation and organizational commitment (Affective, Normative and Continuous commitment) in Pakistan and United States of America. This is an exploratory study therefore Research Methodology is designed in such a way that it provides evidence to test the hypotheses of the study.

3.1 Research Design

In this cross sectional study the primary data on three independent, three dependent and seven demographic variables were collected from HRM professionals working in different Commercial Banks of Pakistan and U.S. through questionnaires. This study utilized a self-reporting questionnaire distributed to a wide sample of employees of both countries commercial banks. The Purposive sampling method was used in an attempt to access a diverse population.

3.1.1 Population

In Karachi Stock Exchange (KSE) total 34 commercial banks are listed including 21 local private banks, 4 public sector commercial banks and 7 foreign banks. For this study only local private and public sector commercial banks were selected. Foreign banks were excluded in this study because of cross cultural issues as it might affect the results from Pakistani banks. So total banks included in this study from Pakistan were 25.

From New York Stock Exchange (NYSE) only listed U.S commercial banks were included. NYSE listed non-U.S banks were excluded to reduce cross cultural effects on the study. To reduce the biased result error only 25 largest banks based on their revenues were included in this study.

Middle level employees of commercial banks of the selected sector were included in the population. In the selected listed local banks of KSE 10 questionnaires each were sent in their Head Quarters and in NYSE 10 questionnaires were also sent in their main branches. List of the banks is attached as Annex B. Sample selected is on the basis of purpose. This level was selected because employees of middle level management are the one having direct impact on both top level and first line employees.

3.1.2 Sample Size

The main objective of sampling is to select a representative group of components that reflect the characteristics of the population. Mostly data is not collected from the whole population; sampling is the only practical option of data collection. Because results from sample are generalized on entire population, maximum care is required for sample selection.

The two broad categories of sampling include probability and non-probability sampling. In probability sampling each components of population has given an equal opportunity to become a part of sample. While in non-probability sampling the situation is opposite and no probabilities are attached. A popular form of non-probability sampling is purposive sampling whereby data is collected from members of population who are generally are useful for the study available. The present study used the purposive sampling (PS) technique.

The estimated population of study is approximately 5000 employees from Pakistan and USA. Sample that has been selected from the population is 250 employees from each country. Sample size of the study was 10% approximately. According to Uma Sekran(2002)for the population of 10,00,000 sample size of 500 is representative. Based upon that we can say that our sample is representative.

For the study middle level employees working in regional headquarters (Islamabad, Karachi, Quetta and Peshawar) of the banks were selected. As working in the regional headquarters they have more information of not only their own bank but also other banks. While in USA only main branches of the banks were selected.

The information is collected on employee participation (Financial Participation, Direct Participation, Indirect Participation) and organizational commitment (Affective Commitment, Normative Commitment, Continuous Commitment). In this research, statistical analysis distinguished four issues:

- i. Types of Employee's Participation;
- ii. Relationship of employee participation with different forms of organizational commitments;
- iii. Does different forms of employee participation exhibits various degrees of organizational commitment?
- iv. Relevancy between Pakistani and American organizations in different forms of employee participation and organizational commitment.
- v. Bases of decision of profit sharing in both countries.

3.2 Questionnaire

3.2.1 Questionnaire Development

The survey instrument (Annex B) was developed using a combination of existing scales across four key themes of the thesis: Financial participation (Erik Poutsma, 2001), Direct participation (Lammers, Meurs, Mijs, 1987), Representative participation (Lammers, Meurs, Mijs, 1987), and Organizational commitment (Meyer and Allen, 1991). Detailed description of this instrument is also provided later in this chapter.

The questionnaire consists of under mentioned five portions:

- i. Demographics
- ii. Financial Participation
- iii. Direct Participation
- iv. Indirect Participation (Representative Participation)
- v. Organizational Commitment

3.2.1.1 Demographics

Portion of demographics consists of questions related with gender, age, qualification, tenure, sector and employment status.

Detailed description of these variables is given below:

Table # 3.1 Demographics

Gender	<input type="checkbox"/> Male	<input type="checkbox"/> Female
Age	<input type="checkbox"/> 20-30	<input type="checkbox"/> 30-40
	<input type="checkbox"/> 40-50	<input type="checkbox"/> 50 and above
Qualification	<input type="checkbox"/> PhD	<input type="checkbox"/> MS/ MPhil
	<input type="checkbox"/> Master	<input type="checkbox"/> Bachelor
Tenure	<input type="checkbox"/> Less than 1 year	<input type="checkbox"/> 1 – 3 years
	<input type="checkbox"/> 3 – 5 years	<input type="checkbox"/> 5 – 7 years
	<input type="checkbox"/> 7 & above	
Sector	<input type="checkbox"/> Public	<input type="checkbox"/> Private
	<input type="checkbox"/> Semi Government	
Employment Status	Permanent	Contractual
	Temporary	

3.2.1.2 Financial Participation

Financial participation was measured using Erik Poutsma's (2001) perspective. Because of its qualitative nature Five Point Likert Scale is used to measure it. Profit Sharing and Share Ownership Plans (Annex A) is core of this portion.

Questions included are as follows:

- i. How long does an employee have to be employed in the company to be eligible for profit sharing schemes?
 - ii. What proportion of employee received a profit shares in the most recent profit share allocation?
 - iii. Is profit is shared on individual or group bases?
 - iv. How profit shares are distributed to employees?
 - v. How important are the following objectives in your company's use of profit sharing?
 - vi. What proportion of employees received option rewards in the most recent granting of share ownership?
1. Is size of Share ownership linked to any of the following?

2. How important are the following objectives in your company's use of Share ownership

3.2.1.3 Direct Participation

5- Point Likert Scale is used to calculate Direct Participation in the organization. Items included in this portion are related with Delegative Participation and Consultative Participation (Annex A).

Questions included are as follows:

- i. Influence of employees on short-term decisions.
- ii. Influence of employees on short-term decisions related to allocation of tasks.
- iii. Influence of employees on short-term decisions related to choice of method of working.
- iv. Influence of employees on short-term decisions related to choice of work pace.
- v. Influence of employees on short-term decisions related to choice and use of equipment and machines.
- vi. Amount of general control by employees
- vii. Number of regular meetings with supervisors per month.
- viii. Are you satisfied with the number of regular meetings with supervisors per month.
- ix. Are you satisfied with the extend of attitude surveys perform in your company?
- x. Are you satisfied with the employee's suggestion plans by supervisors?

3.2.1.4 Indirect Participation (Representative Participation)

5- Point Likert Scale is used to calculate Representative Participation in the organization. Items included in this portion are related with Employee Union and Worker Directors (Annex A). (Lammers, Meurs, Mijs, 1987)

Questions included are as follows:

1. To what extend decisions are made by employee unions.
2. Are you satisfied with the extend decisions are made by employee unions
3. To what extend decisions are made by Worker Director.

4. Are you satisfied with the extend decisions are made by worker director in their board of governance

3.2.1.5 Organizational Commitment

5- Point Likert Scale is used to calculate Organizational Commitment in the organization. Items included in this portion are related with Affective commitment, Continuous commitment and Normative commitment (Annex A). Organizational commitment was measured using Meyer and Allen's (1991) perspective. The scales were made up of three dimensions, each comprising six statements.

Items included in Affective Commitment are as follows:

- i. I would be very happy to spend the rest of my career in this organization.
- ii. I really feel as if this organization's problems are my own.
- iii. I do not feel like "part of the family" at my organization.
- iv. I do not feel "emotionally attached" to this organization.
- v. This organization has a great deal of personal meaning for me.
- vi. I do not feel a strong sense of belonging to my organization.

Items included in continuous commitment are as follows:

- i. It would be very hard for me to leave my organization right now, even if I wanted to.
- ii. Too much of my life would be disrupted if I decide to leave my organization right now.
- iii. Right now, staying with my organization is a matter of necessity as much as desire.
- iv. Believe that I have too few options to consider leaving this organization.
- v. One of the few negative consequences of leaving this organization would be the scarcity of available alternative.
- vi. If I had not already put so much of myself into this organization, I might consider working elsewhere.

Items included in Normative Commitment are as follows:

- i. I do not feel any obligation to remain with my current employer.
- ii. Even if it were to my advantage, I do not feel it would be right to leave my organization now.
- iii. I would feel guilty if I leave my organization now.
- iv. This organization deserves my loyalty.
- v. I would not leave my organization right now because I have a sense of obligation to the people in it.
- vi. I owe a great deal to my organization.

3.3 Reliability

At initial stage Coefficient Alpha (Cronbach, 1951) was applied. Data was analyzed to measure reliability. The study computed separate and combined reliability estimates, which are similar to the normally used Coefficient Alpha Statistics. Cronbach's Value beyond ($\alpha = .7$) signifies acceptable reliability (Cuieford, 1965).

Inter item Consistency Reliability or Cronbach's Alpha Reliability Coefficients of one dependent, three independent variables were obtained, they all were above ($\alpha = .70$). Cronbach's alpha calculated is given in the table (3.2). As the coefficients get closer to ($\alpha = 1.0$) the better is reliabilities and coefficients, and less than ($\alpha = .60$) are considered poor. Organizational affective commitment was measured by 06 items and had a Cronbach's alpha of ($\alpha = .806$), Continuous commitment was measured by 06 items with ($\alpha = .83$) Cronbach's alpha value, normative commitment was measured through 06 items and had Cronbach's alpha of ($\alpha = .82$), Financial participation scale contained 10 items with ($\alpha = .748$) Cronbach's alpha, delegative participation was measured through 06 items with Cronbach's alpha of ($\alpha = .826$), consultative participation was measured by 05 items scale with Cronbach's alpha ($\alpha = .798$), representative participation was measured by 04 items scale with Cronbach's alpha of ($\alpha = .776$).

The overall reliability for each question separately is given separately in table (3.2) representing that 43 different questions asked in the questionnaire had Cronbach's alpha value of

more than ($\alpha > .70$) signifying the acceptable reliability limit. Individual Cronbach's alpha for each item is even more than ($\alpha = .70$) thus, the internal consistency reliability of the measurers used in the study can be considered to be good and reliable.

Table # 3.2: Reliability Analysis

(Cronbach's Alpha)	(α) Values
Organizational Commitment (O.Com)	($\alpha = .82$)
Affective Commitment	0.81
I would be very happy to spend the rest of my career in this organization.	
I really feel as if this organization's problems are my own.	
I do not feel like "part of the family" at my organization.	
I do not feel "emotionally attached" to this organization.	
This organization has a great deal of personal meaning for me.	
I do not feel a strong sense of belonging to my organization.	
Continuous Commitment	0.83
It would be very hard for me to leave my organization right now, even if I wanted to.	
Too much of my life would be disrupted if I decide to leave my organization right now.	
Right now, staying with my organization is a matter of necessity as much as desire.	
Believe that I have too few options to consider leaving this organization.	
One of the few negative consequences of leaving this organization would be the scarcity of available alternative.	
If I had not already put so much of myself into this organization, I might consider working elsewhere.	
Normative Commitment	0.82
I do not feel any obligation to remain with my current employer .	
Even if it were to my advantage, I do not feel it would be right to leave my organization now.	
I would feel guilty if I leave my organization now.	
This organization deserves my loyalty.	
I would not leave my organization right now because I have a sense of obligation to the people in it.	
I owe a great deal to my organization.	
Financial Participation	($\alpha = 0.75$)

How long does an employee have to be employed in the company to be eligible for profit sharing schemes?	
What proportion of employee received a profit shares in the most recent profit share allocation?	
Is profit is shared on individual or group bases?	
How profit shares are distributed to employees?	
How important are the following objectives in your company's use of profit sharing?	
What proportion of employees received option rewards in the most recent granting of share ownership?	
Is size of Share ownership linked to any of the following?	
How important are the following objectives in your company's use of Share ownership	
How long does an employee have to be employed in the company to be eligible for profit sharing schemes?	
What proportion of employee received a profit shares in the most recent profit share allocation?	
Direct Participation	($\alpha = 0.81$)
Delegative Participation	(0.83)
Influence of employees on short-term decisions.	
Influence of employees on short-term decisions related to allocation of tasks.	
Influence of employees on short-term decisions related to choice of method of working.	
Influence of employees on short-term decisions related to choice of work pace.	
Influence of employees on short-term decisions related to choice and use of equipment and machines.	
Amount of general control by employees	
Consultative Participation	(0.798)
Number of regular meetings with supervisors per month.	
Are you satisfied with the number of regular meetings with supervisors per month.	
Are you satisfied with the extend of attitude surveys perform in your company?	
Are you satisfied with the employee's suggestion plans by supervisors?	($\alpha = 0.78$)
Representative Participation	
To what extend decisions are made by employee unions.	
Are you satisfied with the extend decisions are made by employee unions	
To what extend decisions are made by Worker Director.	($\alpha = 0.78$)
Are you satisfied with the extend decisions are made by worker director in their board of governance	

3.3.1 Instrument Validation

The instrument was validated with the help of expert in the area of Human Resource Management. The questionnaires were sent to Karachi and New York for pilot testing in four Pakistani (Karachi based) and four American (New York based) banks. In the pretesting of questionnaires, three questions were eliminated due to their irrelevancy and another two were rephrased to make them more understandable.

3.4 Pilot Study

After focus group discussion and extensive literature review, an instrument was designed and distributed amongst same static panel of HRM executives of banks. 04 banks from both countries were selected on the basis of convenience and 5 questionnaires in each bank were sent. The response was 85 % and all questions were considered for analysis, the results are given in (Table 3.3).

Table # 3.3: Descriptive Statistics

	N	Minimum	Maximum	Mean	S.D
G	34.00	1.00	2.00	1.48	0.34
A	34.00	1.00	4.00	2.54	0.42
Q	34.00	1.00	4.00	3.40	0.22
T	34.00	1.00	5.00	2.71	0.54
Sector	34.00	1.00	3.00	1.80	0.092
E. S	34.00	1.00	3.00	1.94	0.39
F. P	34.00	2.20	4.80	3.46	0.65
D. P	34.00	3.12	4.65	3.45	0.61
R. P	34.00	3.05	4.35	3.04	0.82
Org. Com	34.00	3.20	4.65	3.51	0.49
Valid N (list wise)	34.00				

Analysis of data shows that almost all the respondents agreed with all the questions asked about types of participation and forms of Organizational Commitment as Mean Values for all the variables are more than ($m > 3$). Standard Deviation is less than 1 so instrument is construct wise valid. Questionnaire is attached in Annexure (A).

Table # 3.4 Correlation Matrix of Pilot Study

	G	A	Q	T	Sector	E. S	F. P	D. P	R. P	O. Com
G	1									
A	0.293	1								
Q	-.323*	.254*	1							
T	-.293*	0.473	.317*	1						
Sector	-.342*	0.124	-0.326	0.433	1					
E. S	.573**	.339*	.249**	.517**	-0.103	1				
F. P	.324*	.383*	0.266	.132**	.452**	.370*	1			
D. P	0.223	-0.345	-0.323	0.085	0.082	0.096	0.337*	1		
R. P	.236*	.306**	0.124	0.349	.679**	0.038	0.325*	0.376*	1	
O. Com	.361**	-.238*	-0.376	0.435	.364**	0.212	0.482*	0.527*	0.455*	1

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

Correlation is a measure of the relation between two or more variables. The correlation coefficient (r) represents the linear relationship between two variables. Correlation values are indicating a positive relationship with substantial significance. Financial participation is having a positive correlation (r = .337) with direct participation, positive (r = .325) with indirect participation and positive (r = .482) with organizational commitment. Likewise direct participation having a positive correlation (r = .376) with indirect participation and (r = .572) with organizational commitment and representative participation (r = .455) with organizational commitment. All these values are significant at (p = .01). Based on pilot study findings a comprehensive research strategy was planned.

Regression models are used for predicting the value of one dependent variable from the values of two or more independent variables. Regression model for the pilot survey is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

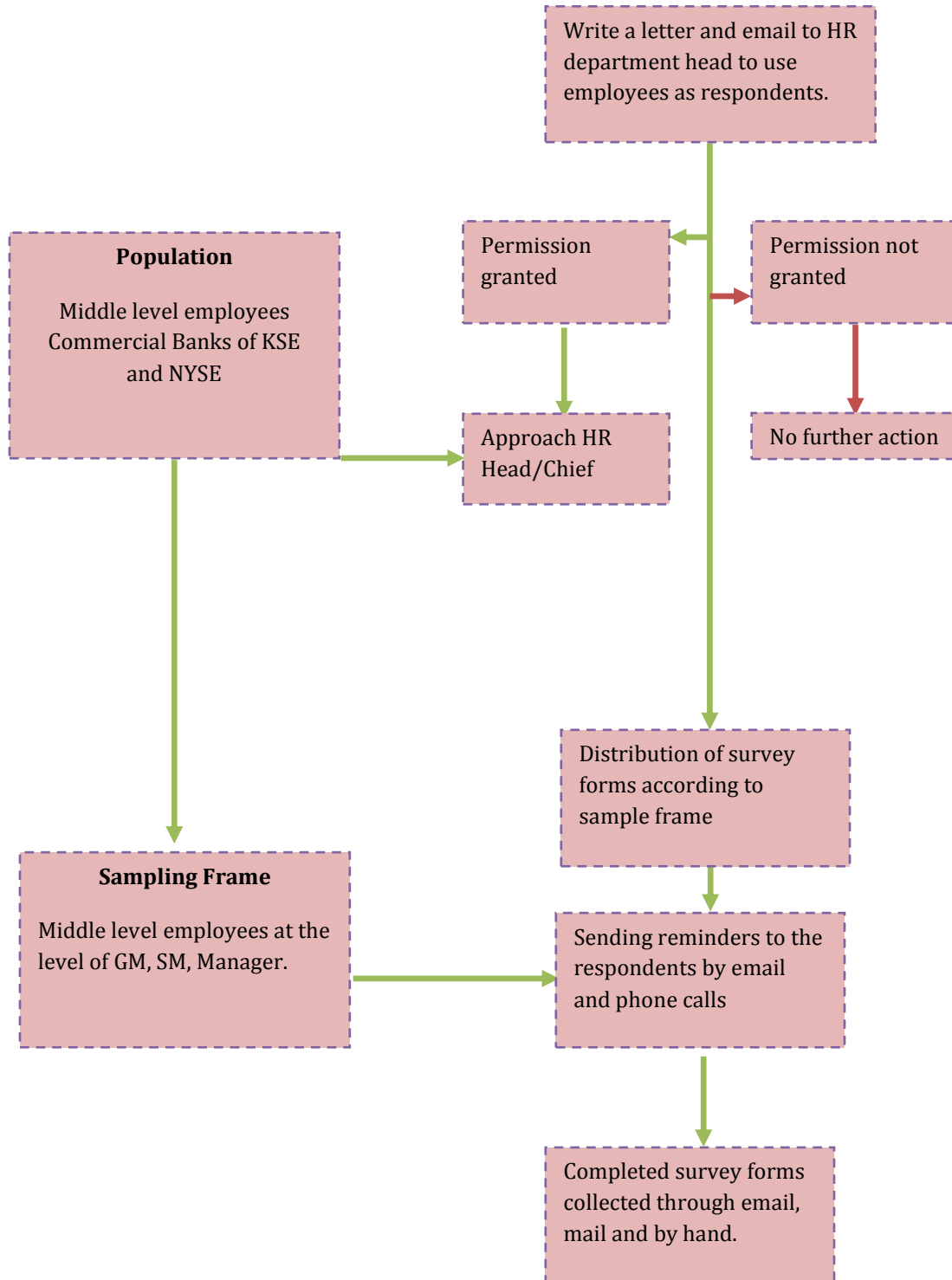
$$O.Com = \alpha + \beta_1 F.P + \beta_2 D.P + \beta_3 R.P + \varepsilon$$

Organizational Commitment = Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + error

Table # 3. 5 Regression Model for Pilot Survey	
R	0.926
R ²	0.858
R ² _{adj}	0.844
F	60.367
Sig	0.000
F.P	0.605
p- value	0.000
D.P	0.529
p- value	0.001
R.P	0.275
p- value	0.012
Dependent Variable: O.C	
Predictors: F.P, D.P, R.P	

The output of the equation reveals that the model is significant and variables of model explain 84% variations in the organizational commitment. All the variables (financial participation, direct participation, representative participation) are significant and positively related.

Figure 3.1: Process followed from population to sampling to elements



3.5 Respondents

Middle level employees of commercial banks operating in Karachi (Pakistan) and New York (USA) were selected for the study.¹ Questionnaires were filled through purposive sampling. Questionnaires were sent to the organizations through emails, postal mails and through personal acquaintance. All these modes were used so that response rate would be maximized.

Questionnaire that were sent through email were 350, out of which 230 came back so the response rate is 65%. Questionnaires sent through postal mail were 110, out of those 84 were returned and the postal mail response rate is 76.3%. Questionnaires filled personally were 40 were sent back, so the response rate was 100%. Total 500 questionnaires were dispatched among them 354 were posted back, Individual Response Rate from Pakistan was 82% and response rate from America was 59.6%, so the response rate was 70.8 % in total. Out of 354 questionnaires 11 were incomplete and 6 were not filled according to the instructions so they were discarded and total of useable questionnaires became 337 and the usable rate become 67.4%.

Table # 3.7 Response Rate of Both Countries				
		Sample	Response	Response rate
Pakistan	Online	150	128	85%
	Postal	90	67	74%
	Personal	10	10	100%
	Total	250	205	82%
America	Online	200	102	51%
	Postal	20	17	85%
	Personal	30	30	100%
	Total	250	149	59.6%
	Grand Total	500	354	70.8%

¹List is attached as annex B.

The distribution of respondents is presented below. Demographics of respondents are mentioned in table#: 3.8.

Table # 3.8: Demographics of Respondents

S #	Demographics		Responses	Pakistan	America
1.	Gender	Male	286	159	127
		Female	51	29	22
			337	188	149
2.	Age	20 – 30	29	17	12
		30 - 40	237	124	113
		40 – 50	47	29	18
		50 and Above	24	18	06
			337	188	149
3.	Qualification	Ph.D	01	01	00
		M.Phil	26	10	16
		Masters	272	165	107
		Bachelor	38	12	26
			337	188	149
4.	Tenure	Less than 1 year	24	06	18
		1-3 years	53	14	39
		3-5 years	143	71	72
		5 – 7 years	98	86	12
		7 above	19	11	08
			337	188	149
5.	Sector	Public	15	08	07
		Private	308	172	136
		Semi- Gov.	14	08	06
			337	188	149
6.	Employment Status	Permanent	153	127	26
		Contractual	121	59	112
		Temporary	13	02	11
			337	188	149

3.5.1 Frequencies of Demographics

Frequencies of occurrence of certain variables are determined, from which the percentage and cumulative percentage are calculated. Frequency tables of demographic variables are given below.

3.5.1.1 Age

Respondents were requested to give their age in years. The participants' age ranged as 20 to 30, 31 to 40, 41 to 50 and above 50 years. Majority of the respondents' age was between 30 to 40 years.

Table # 3.9 Respondents' Age

Age in Years	Free	Per	Valid %	Cumulative %
21-30	29	8.61%	8.61%	8.61%
31-40	237	70.33%	70.33%	78.94%
41-50	47	13.95%	13.95%	82.89%
Above 50	24	7.12%	7.12%	100.0%
Total	337	100%	100%	

Table # 3.10 Age of Respondents from Pakistan and USA

Pakistan				
Age in Years	Free	Per	Valid %	Cumulative %
21-30	17	9.2%	9.2%	9.2
31-40	124	65.9%	65.9%	75.1
41-50	29	15.4%	15.4%	90.5
Above 50	18	9.5%	9.5%	100.0
Total	188	100	100	
America				
Age in Years	Free	Per	Valid %	Cumulative %
21-30	12	8%	8%	8
31-40	113	75.8%	75.8%	83.8
41-50	18	12%	12%	95.8
Above 50	06	4.2%	4.2%	100
Total	149	100	100	

3.5.1.2 Gender

Respondents were asked to mention their gender. The gender distribution is given in table (3.11). Majority of the respondents were male (n = 286) representing 84.87 % of the total sample. The gender distribution in Pakistan and USA is given in table (3.12). Majority of the respondents were male in Pakistan (n = 159) representing 84.5 % of the Pakistan's responses while in USA majority of the respondents were also male (n = 127) representing 85.2 % of the USA responses.

Table # 3.11: Respondents' Gender

Gender Type	Frequency	Percent	Valid %	Cumulative %
Male	286	84.87%	84.87%	84.87%
Female	51	15.13%	15.13%	100%
Total	337	100%	100%	

Table # 3.12 Gender of Respondents from Pakistan and USA

Pakistan				
Gender Type	Frequency	Percent	Valid %	Cumulative %
Male	159	84.5%	84.5%	84.5
Female	29	15.5%	15.5%	100
Total	188	100	100	
America				
Gender Type	Frequency	Percent	Valid %	Cumulative %
Male	127	85.2%	85.2%	85.2
Female	22	14.8%	14.8%	100
Total	149	100%	100%	

3.5.1.3 Qualification

Qualification was measured in years and the respondents were required to state years of education. Majority of the respondents had sixteen years of education (n =272) and a few senior employees had fourteen years of education (n = 28). The qualification distribution in Pakistan and USA is given in table (3.14). Majority of the respondents were having sixteen years of qualification in Pakistan (n = 165) representing 87.7 % of the Pakistan's responses while in USA majority of the respondents were also having sixteen years of qualification (n = 107) representing 71.8 % of the USA responses.

Table # 3.13: Respondents' Qualification

Qualification	Frequency	Percent	Valid %	Cumulative %
Ph.D	01	.03%	.03%	.03%
M.Phil	26	7.7%	7.7%	7.73%
Masters	272	80.71%	80.71%	88.44%
Bachelor	28	8.30%	8.30%	100
Total	337	100%	100%	

Table # 3.14 Qualification of Respondents from Pakistan and USA

Pakistan				
Qualification	Frequency	Percent	Valid %	Cumulative %
Ph.D	01	.05%	.05%	.05
M.Phil	10	5.3%	5.3%	5.8
Masters	165	87.7%	87.7%	93.5
Bachelor	12	6.5%	6.5%	100
Total	188	100%	100%	
America				
Ph.D	00	0%	0%	0
M.Phil	16	10.7%	10.7%	10.7
Masters	107	71.8%	71.8%	82.5
Bachelor	26	17.5%	17.5%	100
Total	149	100%	100%	

3.5.1.4 Tenure

Tenure was also measured in years, which ranged from, (less than 1 to above 7) years with in the specified organization. Majority of the respondents had three to five years of experience (n =143) and a few senior employees had five to seven years of experience (n = 98). The tenure distribution in Pakistan and USA is given in table (3.16). Majority of the respondents were having five to seven years of tenure in Banks of Pakistan (n = 86) representing 45.7 % of the Pakistan's responses while in USA majority of the respondents were also having three to five years of tenure in Banks of USA (n = 72) representing 48.4 % of the USA responses.

Table # 3.15: All Respondents' Tenure

Experience in years	Frequency	Percent	Valid %	Cumulative %
Less than 1 year	24	7.12%	7.12%	7.12%
1-3 years	53	15.73%	15.73%	22.85%
3-5 years	143	42.43%	42.43%	65.28%
5 – 7 years	98	29.1%	29.1%	94.38%
7 above	19	5.64%	5.64%	100%
	337	100%	100%	

Table # 3.16 Tenure of Respondents from Pakistan and USA

Pakistan				
Experience in years	Frequency	Percent	Valid %	Cumulative %
Less than 1 year	06	3.2%	3.2%	3.2
1-3 years	14	7.5%	7.5%	10.7
3-5 years	71	37.8%	37.8%	48.5
5 – 7 years	86	45.7%	45.7%	94.2
7 above	11	5.8%	5.8%	100
	188	100%	100%	
America				
Less than 1 year	18	12%	12%	12
1-3 years	39	26.2%	26.2%	38.2
3-5 years	72	48.4%	48.4%	86.6
5 – 7 years	12	8%	8%	94.6
7 above	08	5.4%	5.4%	100
	149	100%	100%	

3.5.1.5 Sector

Three different sectors of commercial banks were selected for data collection. All of them participated substantially but the response rate was different. Majority of the respondents belong to the private sector banks (n = 308) representing 91.39% of the whole responses while 15 respondents belong to the public sector banks representing 4.45% and 14 respondents belong to the semi government sector representing 4.15% of the whole responses. The sector distribution in Pakistan and USA is given in table (3.18). Majority of the respondents belong to the private sector of Banks of Pakistan (n = 172) representing 91.5 % of the Pakistan's responses while in USA majority of the respondents also belong to the private sector of Banks of USA (n = 136) representing 91.2 % of the USA responses.

Table # 3.17 Sector of all Responses

Pakistan				
Sector	Frequency	Percent	Valid %	Cumulative %
Public	15	4.45%	4.45%	4.45%
Private	308	91.39%	91.39%	95.84%
Semi- Gov.	14	4.15%	4.15%	100%
Total	337	100%	100%	

Table # 3.18 Sector of Responses from Pakistan and USA

Pakistan				
Sector	Frequency	Percent	Valid %	Cumulative %
Public	08	4.25%	4.25%	4.25
Private	172	91.5%	91.5%	95.75
Semi- Gov.	08	4.25%	4.25%	100
Total	188	100%	100%	
America				
Public	07	4.7%	4.7%	4.7
Private	136	91.2%	91.2%	95.9
Semi- Gov.	06	4.1%	4.1%	100
Total	149	100%	100%	

3.5.1.6 Employment Status

Three different employment types of employees of commercial banks were selected for data collection. All of them participated substantially but the response rate was different. Majority of the respondents were having contractual status banks (n = 171) representing 50.7% of the whole responses while 153 respondents were having permanent status banks representing 45.4% of the whole responses. The employment status distribution in Pakistan and USA is given in table (3.20). Majority of the respondents were having permanent status in Banks of Pakistan (n = 127) representing 67.5 % of the Pakistan's responses while in USA majority of the respondents were having contractual status in Banks of USA (n = 112) representing 75.1% of the USA responses.

Table # 3.19Employment Status of all Responses

Employment Status	Frequency	Percent	Valid %	Cumulative %
Permanent	153	45.4%	45.4%	45.4%
Contractual	171	50.7%	50.7%	96.2%
Temporary	13	3.8%	3.8%	100%
Total	337	100%	100%	

Table # 3.20Employment Status of Pakistan and USA

Pakistan				
Employment Status	Frequency	Percent	Valid %	Cumulative %
Permanent	127	67.5%	67.5%	67.5%
Contractual	59	31.4%	31.4%	98.9%
Temporary	02	1.1%	1.1%	100%
Total	188	100%	100%	
America				
Permanent	26	17.5%	17.5%	17.5%
Contractual	112	75.1%	75.1%	92.6%
Temporary	11	7.4%	7.4%	100%
Total	149	100%	100%	

3.6 Hypotheses

Keeping in view theories and evidences that are provided in the literature review, it is evident that Financial Participation has some positive impact on the employee's organizational commitment. Organizations that involve their employees in their success put a very positive impact on their employees. It is also logical that employees have any financial stake with the organization's profitability they will be more committed with the organization.

Research study conducted by Khan, Ali, Ahsan and Mirza in 2001 also revealed that in Telecommunication sector of Pakistan employee participation has a very strong impact on employee's normative, affective and continuous commitment. Based on the conclusion of the study it can be hypothesized that financial participation could have a positive impact on organizational commitment.

H₁: Financial Participation has positive effect on organizational commitment.

H_{1a}: Financial Participation has direct positive effect on Affective Commitment.

H_{1b}: Financial Participation has direct positive effect on Normative Commitment.

H_{1c}: Financial Participation has direct positive effect on Continuous Commitment.

Our first hypothesis will help us to find out the relationship of financial participation with organizational commitment. It will also help us to find out that if there is any difference in the relationship in case organizational commitment is divided into its three forms namely affective commitment, continuous commitment and normative commitment. The findings of the study on the basis of this hypothesis will reveal the significance of financial participation with different forms of organizational commitment. In case of the difference, the study will also reveal the form of organizational commitment that is more affected by financial participation and the magnitude of its impact.

According to research work of Snellman (2002) it is evident that profit sharing may lead towards higher commitment level within the employees. In this study, it will be analyzed that if profits are shared on the basis of individual level then does it have any significant impact of different forms of organizational commitment?

H₂: Decisions based on profit sharing has a significant relationship with productivity, affection, value, retention, recruitment and morality.

H_{2a}: Decisions based on profit sharing has a significant relationship with productivity.

H_{2b}: Decisions based on profit sharing has a significant relationship with affection.

H_{2c}: Decisions based on profit sharing has a significant relationship with retention.

H_{2d}: Decisions based on profit sharing has a significant relationship with recruitment.

H_{2e}: Decisions based on profit sharing has a significant relationship with morality.

H_{2f}: Decisions based on profit sharing has a significant relationship with value.

Our Second hypothesis will help us to find out that whether decision of profit sharing to be individual or collective has any relationship with enhancing the productivity of employees, affection with organization, value of employee, morality of employees, retaining employees and to attract suitable candidates in the organization.

Dimensions of Direct Participation involved in this study are delegative participation and consultative participation. Delegative participation involve those practices in which employees are given liberty to make some extent of decisions regarding their tasks at their own while consultative participation involves practices in which management involves their employees in the consultation regarding different aspects of organization and their tasks. Literature reveals that both delegative and consultative participation have significant impact on different forms of organizational commitment.

H₃: Direct Participation has positive effect on organizational commitment.

H_{3a}: Delegative participation has direct positive effect on Affective Commitment.

H_{3b}: Delegative participation has direct positive effect on Normative Commitment.

H_{3c}: Delegative participation has direct positive effect on Continuous Commitment.

H_{3d}: Consultative participation has direct positive effect on Affective Commitment.

H_{3e}: Consultative participation has direct positive effect on Normative Commitment.

H_{3f}: Consultative participation has direct positive effect on Continuous Commitment.

Our Third hypothesis will help us to find out the relationship of direct participation with organizational commitment. It will also find out, “Is there any difference existing in this relationship if we divide organizational commitment in to its three forms namely affective commitment, continuous commitment and normative commitment”? This hypothesis study also will reveal, “Does direct participation bear any significant or insignificant and positive or negative relationship with different forms of organizational commitment”? If this difference exists then which form of organizational commitment is more affected by direct participation and up till and up to what extent? In this study we will also try to find out, “Is there any relationship existing among these three forms of organizational commitment and consultative and delegative participation”?

Zaheer Baig (2005) in his research study revealed that Pakistan had a three-pronged system of employee participation in management which is, within the Works Council, the Management Committee and the Joint Management Board. As a resultant of this representative form of employee participation employees have a slight positive impact on organizational commitment. As this study was conducted in the public sector of Pakistan it is also expected that commercial banking sector is going in the same way so our fourth hypothesis is as follows:

H₄: Representative Participation has positive effect on organizational commitment.

H_{4a}: Representative Participation has direct positive effect on Affective Commitment.

H_{4b}: Representative Participation has direct positive effect on Normative Commitment.

H_{4c}: Representative Participation positive effect on Continuous Commitment.

Our Fourth hypothesis will help us to find out the relationship of representative participation with organizational commitment. It will also find out, “Is there any difference existing in this relationship if we divide organizational commitment in to its three forms namely affective commitment, continuous commitment and normative commitment”? As a result of this hypothesis this study will reveal, “Does representative participation has significant or insignificant and positive or negative relationship with different forms of organizational commitment. If this difference exists than which form of organizational commitment is more affected by representative participation and up till and up to what extent”? In this study we will

also try to find out that is there any relationship existing among these three forms of organizational commitment and employee unions and worker's director.

3.7 Research Model

The research model takes into account key issues in the research in relation to the nature of depth or degree of participation that indicates a level of employee control over decision making, financial stake and consultation. In this research model employee participation will be measured from three different dimensions including financial participation, direct participation and representative participation. Variables that define financial participation include profit sharing both individual and collective and share ownership. Variables that elaborate direct participation include delegative and consultative participation and variables that define representative participation includes unions and worker's director. The dependent variable organizational commitment is studied with the reference of affective, normative and continuous commitment.

On the bases of hypotheses, Hypothetical Research Model is developed depicting positive relationship of types of employee participation (financial, direct and representative participation) on forms of organizational commitment (affective, normative and continuous commitment). Different demographics variables are used as control variables of the study. Demographic variables include gender, age, qualification, tenure, sector and employment status.

Figure # 3.2 Research Model and Variables

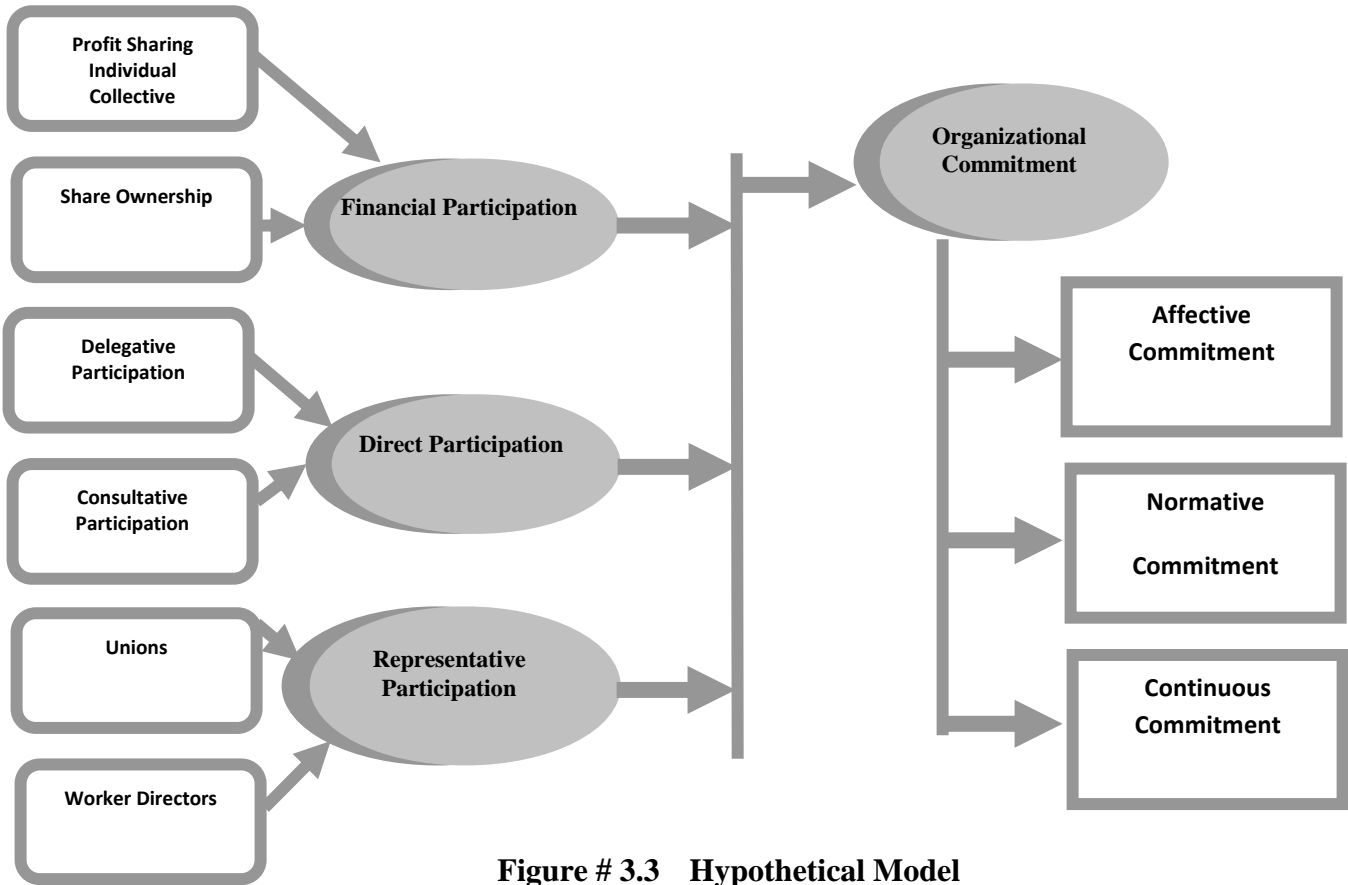


Figure # 3.3 Hypothetical Model

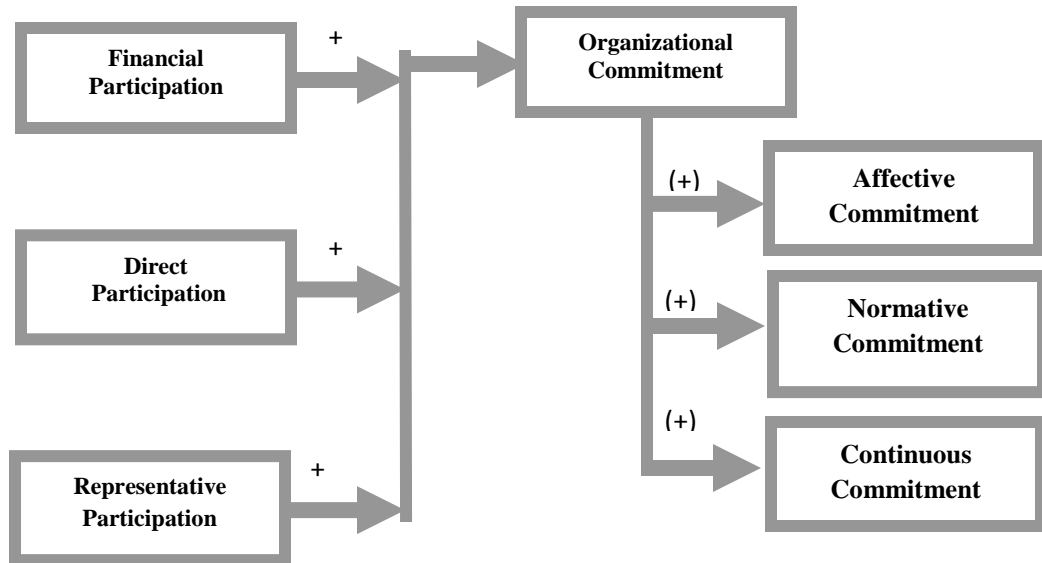
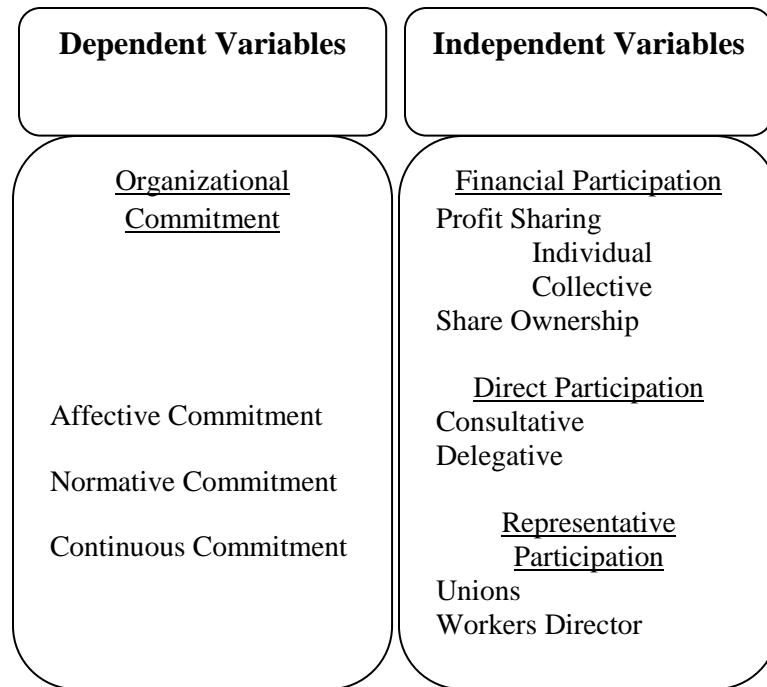


Figure # 3.3 Research Variables

3.8 Explanation of Variables

3.8.1. Financial Participation

Wilson and Peel (1991) in their study “The impact on absenteeism and quits of profit-sharing and other forms of employee participation” analyze financial participation in terms of profit sharing and share ownership. On the bases of their results we also elaborate financial participation in terms of profit sharing, under which a portion of profit is paid to employees in addition to their wage, and employee share ownership, under which employees own shares in the company in which they work.

3.8.1.1 Collective Profit Sharing

(Autenne, 2000) The payment of beneficiary participation to workers may take two forms. Profits may be distributed:

- i. Directly: with the company giving its employees a percentage of its profits (or possibly a percentage of the parent company’s profits).

- ii. Alternatively, it may take an indirect form, with the enterprise distributing beneficiary shares to workers.

3.8.1.2 Individual Profit Sharing

(Autenne, 2000) profits distributed to employee on the basis of individual performance.

3.8.2. Direct Participation

Direct participation involves employees themselves. According to Keith Sisson (2000) direct participation has two following forms:

3.8.2.1. Consultative participation refers to practices where management encourages employees to share their opinions regarding work-related concerns, yet retains the right to make all final decisions. Examples of consultative participation include regular meetings with supervisors, attitude surveys and employee suggestion plans.

3.8.2.2. Delegative participation gives employees increased responsibility and autonomy to organize and perform their jobs as they see fit. Employees participate directly in work decisions (Cotton, Vollrath, Froggatt, Lengnick-Hall and Jennings, 1988). Forms of Delegative participation include:

1. Scheduling of work.
2. Improving work processes.
3. Absence control.

3.8.3. Representative Participation

According to Keith Sisson (2000) Representative participation takes place through the intermediary of employee representative bodies, such as:

1. Unions
2. Worker Directors

3.8.4 Organizational Commitment

3.8.4.1 Affective Commitment

It refers to employees' perceptions of their emotional attachment to or identification with their organization.

3.8.4.2. Normative Commitment

Normative commitment refers to employees' perceptions of their obligation to their organization. For instance, if an organization is loyal to the employee or has supported his/her educational efforts, the employee may report higher degrees of Normative commitment.

3.8.4.3. Continuance Commitment

Continuance commitment refers to employees' perceptions of the costs associated with leaving the organization.

3.9 Summary

This exploratory study utilized a Self-Reporting Questionnaire distributed to a wide sample of employees of both American and Pakistani commercial banks. All middle level employees of commercial banks listed in Karachi Stock Exchange and New York Stock Exchange were included in the population. The estimated population of study is 620 employees from Pakistan and 570 employees from USA. The survey instrument (Annex B) was developed using a combination of existing scales across the four key themes of the thesis:

- i. Financial participation (Erik Poutsma, 2001),
- ii. Direct participation (Lammers, Meurs, Mijs, 1987),
- iii. Representative participation (Lammers, Meurs, Mijs, 1987),
- iv. Organizational commitment (Meyer and Allen, 1991).

Questionnaires were filled through Purposive Sampling. Keeping in view theories and evidences that are provided in the literature review hypotheses are developed. On the bases of hypotheses, Hypothetical Model is developed which will be proved in the following chapter (Data analysis) through different statistical tools.

CHAPTER 4

RESULTS AND DISCUSSION

This chapter refers that primary and secondary sources are the outsources of information obtained for this research study for data collection authentication. It includes the findings in respect of demographic information of respondents, financial participation, direct participation, representative participation and organizational commitment. Analysis is done in three parts:

- i. Demographic information of the respondents.
- ii. Analysis of respondents' answers to the questions.
- iii. Comparative analysis of Pakistan and America.

Excel 2003 and Statistical Package for Social Sciences (SPSS 17.0) were used to calculate Descriptive Statistics, Correlation And Multiple Regression Analyses. Main focus of the study was to find answers to the following questions:

- i. What is the relationship between employee participation and organizational commitment?
- ii. To what extent different types of employee participation affect organizational commitment in America and Pakistan?
- iii. To what extent types of employee participation affect forms of organizational commitment in America and Pakistan?
- iv. Is there any difference between associations of types of employee participation and organizational commitment in America and Pakistan?
- v. Decision of profit sharing to be individual or collective is based on what perspectives in both countries?

Table (4.1) indicates different dependent, intervening, independent as well as demographic variables to be used in further analysis for finding answers to the Research Questions.

Table 4.1: Variables included in analyses

Independent Variables		
1	FP	Financial Participation
2	DP	Direct Participation
3	RP	Representative Participation
Dependent Variables		
4	OC	Organizational Commitment
Demographic Variables		
5	G	Gender
6	A	Age
7	T	Tenure
8	Q	Qualification
9	S	Sector
10	E.S	Employment Status

4.4.1 Results

4.1.1 Research Question 1:

To what extent different type of employee participations affect organizational commitment in America and Pakistan?

For answering this question we analyzed data in three steps:

- i. We applied equation 1 on data obtained from Pakistan and America by using dummy variables.
- ii. Multiple regression analysis by using interaction effects was used to analyze the individual or co-existence impact of all three types of employee participation.
- iii. Comparison of results obtained from the data of both countries.

4.1.1.1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
G	188	1.00	2.00	1.159	0.367
A	188	1.00	4.00	2.218	0.231
Q	188	1.00	4.00	3.021	0.399
T	188	1.00	5.00	3.436	0.440
S	188	1.00	3.00	1.962	0.348
E.S	188	1.00	3.00	1.335	0.495
F.P	188	1.57	4.29	3.104	0.523
D.P	188	2.02	4.65	3.518	0.234
R.P	188	2.00	4.75	3.452	0.370
OCom	188	1.72	4.44	3.488	0.674
Valid N (listwise)	188				

Results of descriptive statistics show that most of the respondents were male, their age was between 30s and 40s, and their qualifications were 16 years and more. Most of the respondents belonged to private sector having permanent and contractual employment status. Values of standard deviation showed that most of the respondents agreed with each other.

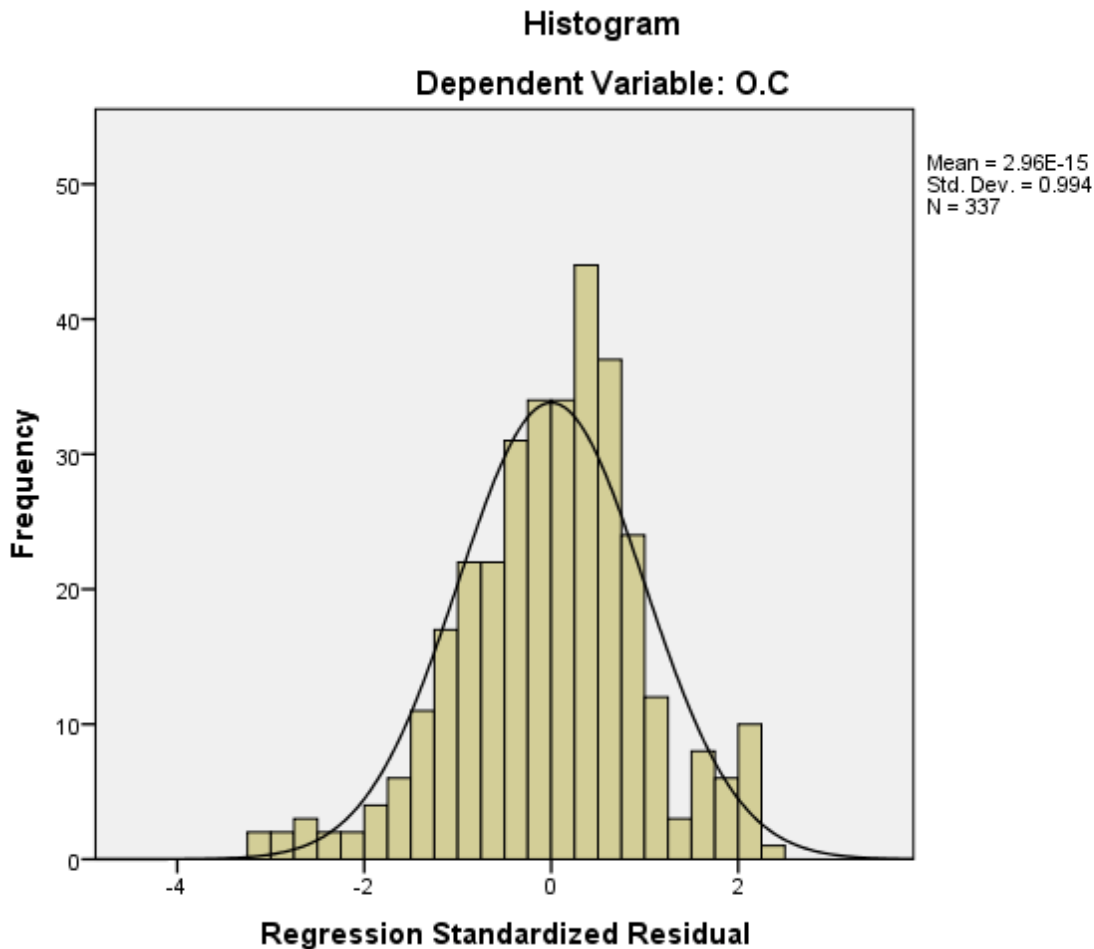
	N	Minimum	Maximum	Mean	Std. Deviation
G	149	1.00	2.00	1.14	0.35
A	149	1.00	4.00	2.18	0.63
Q	149	2.00	4.00	2.98	0.58
T	149	1.00	5.00	2.68	0.37
S	149	1.00	3.00	1.99	0.29
E.S	149	1.00	3.00	1.89	0.48
F.P	149	2.42	4.67	3.73	0.58
D.P	149	3.13	4.63	3.81	0.27
R.P	149	2.50	4.50	3.64	0.47
O.Com	149	2.50	4.61	3.77	0.52
Valid N (listwise)	149				

Results of table (4.2 and 4.3) showed that respondents of both countries possess to some extent same demographic variables response. Difference was in the result of tenure; in Pakistan data employees were involved in the tenure of 2 to 5 years while in American data that duration was around 1 to 2 years.

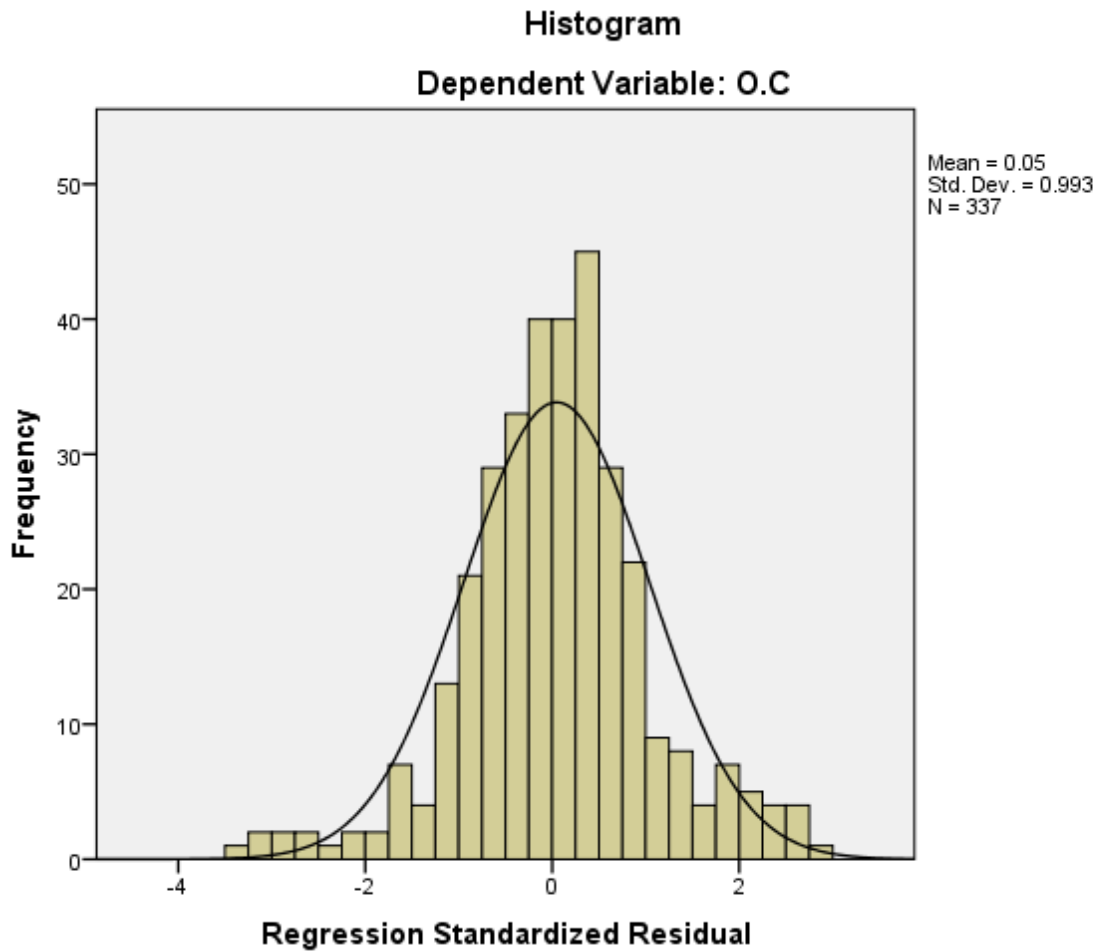
4.1.1.2 Normality of Data

To analyze the normality of data histograms were plotted, which shows a minor abnormality in data. Histogram is shown in figure # 4.1.

Figure # 4.1: Abnormal Histogram for O.C



By excluding the abnormal values again histogram was plotted and normal curve was shown. Histogram is shown in figure # 4.2.

Figure # 4.2: Normal Histogram for O.C

4.1.1.3 Regression Results for Equation 1

For analyzing the impact of types of employee participation on organizational commitment; results were obtained through multiple regression analysis with enter method. For this dummy variable was used depicted 1 for Pakistani data and 0 for American data. Table # 4.4 shows regression results obtained from abnormal data.

Results of equation 1 for are as follows:

Table # 4. 4	
Regression Model of Equation # 1	
$O.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
	Abnormal Data
Intercept	1.419
p- value	0.000
R	0.608
R ²	0.370
R ² _{adj}	0.362
F	48.387
Sig	0.000
F.P	0.193
p- value	0.527
D.P	0.133
p- value	0.879
R.P	0.816
p- value	0.487
D ₁	0.345
p- value	0.000
DW	1.356
Dependent Variable: O.C	
Predictors: F.P, D.P, R.P,D ₁	

The result of equation 1 is shown in table (4.4) which reveals that in all independent variables that are financial participation, direct participation and representative participation are insignificant, only dummy variable for country shows an impact on organizational commitment. The results show abnormality in the data of variables because of which it can be said all

variables have shown in significant impact on organizational commitment. Durbin Watson statistics have also shown autocorrelation in the results.

After removing the abnormal values from the data again results of equation# 1 were obtained which are shown in table # 4.5.

Table # 4. 5	
Regression Model of Equation # 1	
$O.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
	Normal Data
Intercept	1.201
p- value	0.000
R	0.789
R ²	0.773
R ² _{adj}	0.773
F	5124.045
Sig	0.000
F.P	0.392
p- value	0.004
D.P	0.966
p- value	0.000
R.P	0.104
p- value	0.016
D ₁	0.230
p- value	0.000
DW	2.341
Dependent Variable: O.C	
Predictors: F.P, D.P, R.P,D ₁	

Results of table # 4.5 show the analysis of equation # 1 after data normalization. It reveals that the model is significant as F statistics (F = 5124.045, Significance = 0.000). Overall correlation coefficient (R) is 0.789, which shows high correlation of independent variables with

the dependent variable. Coefficient of determination (R^2) shows that 77.9% variation in organizational commitment is because of financial participation, direct and representative participation. Statistics of Durbin-Watson ($DW = 2.341$) shows nonexistence of autocorrelation.

A dummy variable was introduced in this model for the country origin of the employees showing (1) for Pakistan and (0) for America. So the results obtained are for America and we had to compute results for Pakistan. Here results show that financial participation ($\beta = 0.392$, $p = 0.004$), direct participation ($\beta = 0.966$, $p = 0.000$) and representative participation ($\beta = 0.104$, $p = 0.016$) have positive and significant impact on organizational commitment for America.

The coefficient γ for the dummy variable (Country origin of employee) gives the difference in intercepts for the two regression lines ($\gamma = 0.230$, significance = 0.000). Moreover, because the within-country regression lines are parallel, γ also represents the constant vertical separation between the lines, and it may, therefore, be interpreted as the difference of organizational commitment in Pakistan as compared to American employees. The coefficient α gives the organizational commitment intercept ($\alpha = 1.201$) for America.

The result for equation # 1 shown in table (4.5) shows that types of employee Participation (Financial participation, Direct Participation and Representative Participation) have greater impact on the Organizational commitment in Pakistan as compared to America.

The positive value of γ shows the increasing factor loading that indicates the difference in the estimators. The result of equation # 1 shown in table (4.5) depicts that in Pakistan employee's organizational commitment would be enhanced by (0.230) means financial participation would be ($\beta = 0.622$, $p = 0.004$), Direct participation would be ($\beta = 1.196$, $p = 0.000$) and representative participation would be ($\beta = 0.334$, $p = 0.016$).

These results are different with the finding of a study conducted by Pendleton (2010) which shows a negative relation of employee participation with organizational commitment reason could be that employees from the commercial banking sector have more opportunities to excel in America as compared to the rest of industries.

For further analysis of the data interactional terms were also used. These interactional terms were used to find out whether by using two types of employees participation have an impact of organizational commitment or not. Table # 4.6 shows results of equation # 2.

Equation # 2

$$O.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6 (D.P \times R.P) + \gamma (D_1) + \varepsilon$$

Organizational Commitment = Intercept + β_1 (Financial Participation) + β_2 (Direct Participation) + β_3 (Representative Participation) + β_4 (Interaction of Financial and Direct Participation) + β_5 (Interaction of Financial and Representative Participation) + β_6 (Interaction of Direct and Representative Participation) + γ (Dummy of Origin) + ε

Results of equation # 2 are shown in table # 4.6. This shows that model is statistically significant ($F = 1469.87$, significance = 0.000). Results show that financial participation ($\beta = 0.392$, $p = 0.004$), direct participation ($\beta = 0.966$, $p = 0.000$) and representative participation ($\beta = 0.104$, $p = 0.016$) have positive and significant impact on organizational commitment.

Table # 4. 6	
Regression Model of Equation # 2	
O.C = $\alpha + \beta_1(\text{F.P}) + \beta_2 (\text{D.P}) + \beta_3(\text{R.P}) + \beta_4 (\text{F.P} \times \text{D.P}) + \beta_5(\text{F.P} \times \text{R.P})$ + $\beta_6 (\text{D.P} \times \text{R.P}) + \gamma (\text{D}_1) + \varepsilon$	
Intercept	1.347
p- value	0.000
R	0.974
R ²	0.967
R ² _{adj}	0.967
F	1469.875
Sig	0.000
F.P	0.652
p- value	0.027
D.P	0.986
p- value	0.003
R.P	0.154
p- value	0.015
F.P x D.P	0.814
p- value	0.578
F.P x R.P	0.179
p- value	0.153
D.P x R.P	0.357
p- value	0.099
D ₁	0.140
p- value	0.000
DW	1.951
Dependent Variable: O.C	
Predictors: F.P, D.P, R.P, F.P x D.P, F.P x D.P, F.P x R.P, D.P x R.P, D ₁	

Results of interaction terms show that interaction of financial and direct participation ($\beta = 0.814$, $p = 0.578$), interaction of financial and representative participation ($\beta = 0.179$, $p =$

0.153) and interaction of direct and representative participation ($\beta = 0.357$, $p = 0.099$) are insignificant for America. Results for Durbin Watson (DW = 1.951) showed minor error of auto correlation. While utilizing interactional terms most of the times auto correlation exists because data from which interactional terms are generated were present in the model.

Ramsey's reset test is the model misspecification test for equation # 2 is shown in table # a (Annex F); it was used to check whether the model is specified correctly or not. More specifically, it tests whether non-linear combinations of the fitted values help explain the response variable. The intuition behind the test is that if non-linear combinations of the explanatory variables have any power in explaining the response variable, the model is misspecified. Results of F-statistics (5,271, $p = 0.0016$) show that the model is significant but the results of t- statistics reveal that all explanatory variables are statistically insignificant showing that our model is specified correctly.

4.1.2.3 Comparison of Regression Results for Pakistani and American Data

For comparative analysis we will consider results of tables (4.5). Regression results from data show obtained from both countries show that financial participation, direct participation and representative participation explain 77.3 % variation in organizational commitment in the commercial banks of both countries. In Pakistani settings all three types of employee participation (financial, direct and representative) have a strong positive and significant impact on organizational commitment but when we compare the same variables with American settings the impact of financial participation, direct participation and representative participation is positive and significant, but weak as compared to Pakistan.

4.1.2 Research Question 2

To what extent types of employee participation affect forms of organizational commitment in America and Pakistan?

For answering this question we analyze data in four steps:

- i. We applied equations 3, 5 and 7 on data from Pakistan and America.
- ii. We applied also compare results of all three forms of organizational commitment.
- iii. We applied equations 4, 6 and 8 for interactional terms on data from Pakistan and America.
- iv. We compared results obtained from the data of both countries.

Equation# 3:

$$A.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$$

Affective commitment= Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + Coefficient (Dummy Variable of Origin) + Error

Equation # 4:

$$A.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6 (D.P \times R.P) + \gamma (D_1) + \varepsilon$$

Affective commitment= Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + Coefficient (Interaction of Financial and Direct Participation) + Coefficient (Interaction of Financial and Representative Participation) + Coefficient (Interaction of Direct and Representative Participation) + Coefficient (Dummy Variable of Origin) + Error

Equation# 5

$$C.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$$

Continuous commitment= Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + Coefficient (Dummy Variable of Origin) + Error

Equation # 6

$$C.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6 (D.P \times R.P) + \gamma (D_1) + \varepsilon$$

Continuous commitment= Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + Coefficient (Interaction of Financial and Direct Participation) + Coefficient (Interaction of Financial and Representative Participation) + Coefficient (Interaction of Direct and Representative Participation) + Coefficient (Dummy Variable of Origin) + Error

Equation# 7

$$N.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$$

Normative commitment= Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + Coefficient (Dummy Variable of Origin) + Error

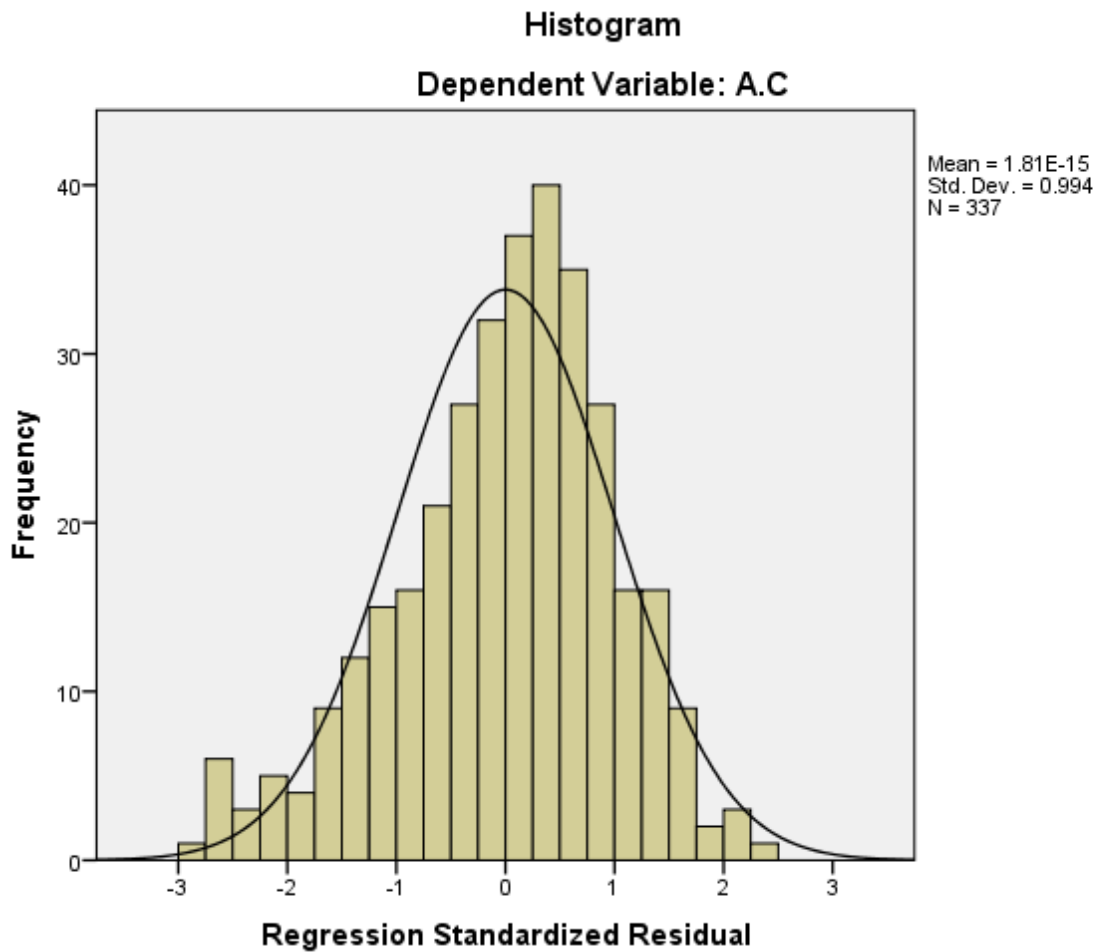
Equation # 8

$$N.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6 (D.P \times R.P) + \gamma (D_1) + \varepsilon$$

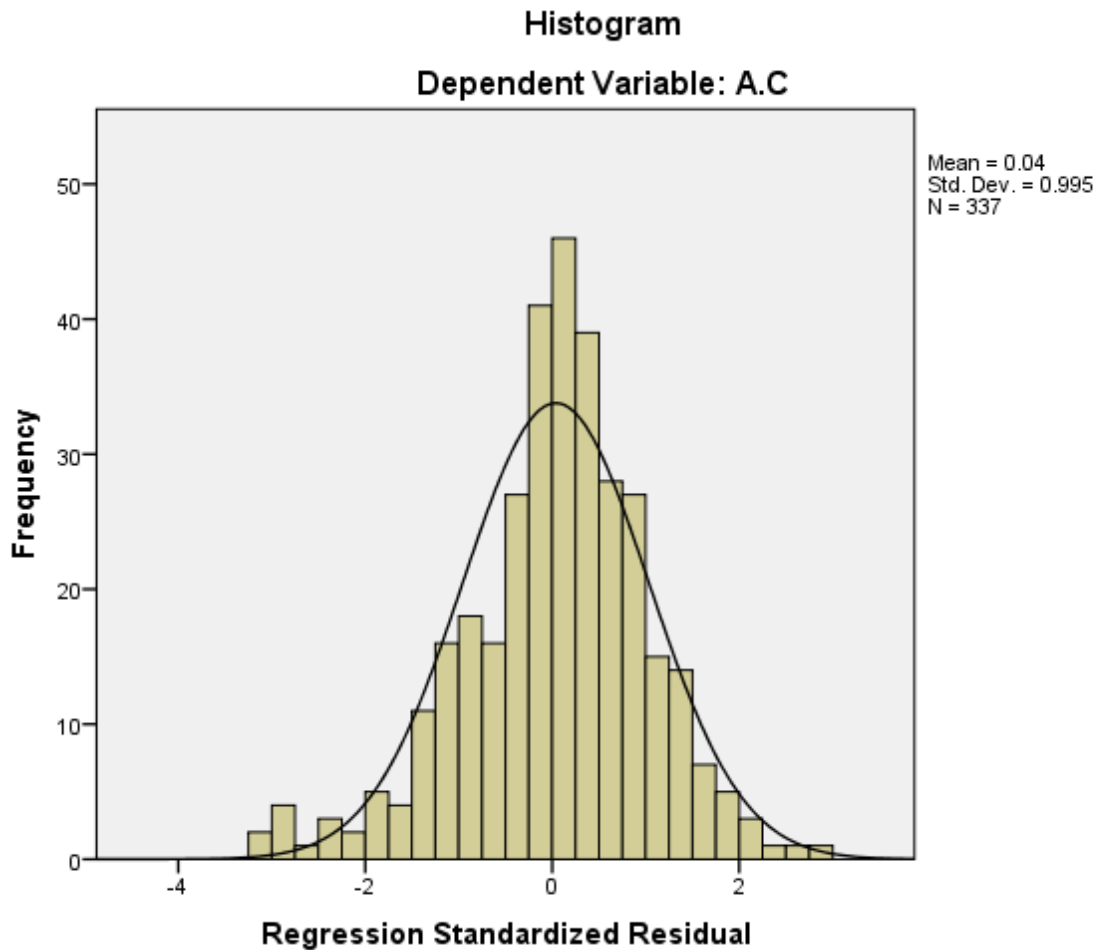
Normative commitment= Intercept + Coefficient (Financial Participation) + Coefficient (Direct Participation) + Coefficient (Representative Participation) + Coefficient (Interaction of Financial and Direct Participation) + Coefficient (Interaction of Financial and Representative Participation) + Coefficient (Interaction of Direct and Representative Participation) + Coefficient (Dummy Variable of Origin) + Error

Before running equation 3 and 4 we find out normality of data. To analyze the normality of data histograms were plotted, which shows a minor abnormality in data. Histogram is shown in figure # 4.3.

Figure # 4.3: Abnormal Histogram for A.C



By excluding the abnormal values again histogram was plotted and normal curve was shown. Histogram is shown in figure # 4.4.

Figure # 4.4: Normal Histogram for A.C

4.1.2.1 Regression Results for Affective Commitment

For analyzing the impact of types of employee participation on affective commitment; results were obtained through multiple regression analysis with enter method. For this dummy variable was used depicted 1 for Pakistani data and 0 for American data. Table # 4.7 shows regression results obtained from abnormal data.

Results of equation # 3 for are as follows

:

Table # 4. 7	
Regression Model of Equation # 3	
$A.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
Intercept	1.312
p- value	0.000
R	0.567
R ²	0.321
R ² _{adj}	0.313
F	39.292
Sig	0.000
F.P	-0.570
p- value	0.105
D.P	-0.913
p- value	0.366
R.P	2.283
p- value	0.191
D ₁	0.291
p- value	0.000
DW	1.601
Dependent Variable: A.C	
Predictors: F.P, D.P, R.P,D ₁	

The result of equation 3 is shown in table (4.7) which reveals that in all independent variables that are financial participation, direct participation and representative participation are insignificant, only dummy variable for country shows an impact on affective commitment. The results show abnormality in the data of variables because of which it can be said all variables have shown in significant impact on affective commitment. Durbin Watson statistics (DW = 1.601) have also shown autocorrelation in the results.

After removing the abnormal values from the data again results of equation# 3 were obtained which are shown in table # 4.8.

Table # 4. 8	
Regression Model of Equation # 3	
$A.C = \alpha + \beta_1(F.P) + \beta_2(D.P) + \beta_3(R.P) + \gamma(D_1) + \varepsilon$	
Normal Data	
Intercept	1.237
p- value	0.000
R	0.887
R ²	0.874
R ² _{adj}	0.874
F	4167.286
Sig	0.000
F.P	0.371
p- value	0.021
D.P	0.996
p- value	0.000
R.P	0.054
p- value	0.002
D ₁	0.183
p- value	0.015
DW	2.214
Dependent Variable: A.C	
Predictors: F.P, D.P, R.P,D ₁	

Results of table # 4.8 show the analysis of equation # 3 after data normalization. It reveals that the model is significant as F statistics ($F = 4167.286$, Significance = 0.000). Overall correlation coefficient (R) is 0.887, which shows high correlation of independent variables with the dependent variable. Coefficient of determination (R^2) shows that 87.4% variation in affective commitment is because of financial participation, direct and representative participation. Statistics of Durbin-Watson ($DW = 2.214$) shows nonexistence of autocorrelation.

A dummy variable was introduced in this model for the country origin of the employees showing (1) for Pakistan and (0) for America. So the results obtained are for America and we

had to compute results for Pakistan. Here results show that financial participation ($\beta = 0.371$, $p = 0.021$), direct participation ($\beta = 0.996$, $p = 0.000$) and representative participation ($\beta = 0.054$, $p = 0.002$) have positive and significant impact on affective commitment for America.

The coefficient γ for the dummy variable (Country origin of employee) gives the difference in intercepts for the two regression lines ($\gamma = 0.183$, significance = 0.015). Moreover, because the within-country regression lines are parallel, γ also represents the constant vertical separation between the lines, and it may, therefore, be interpreted as the difference of affective commitment in Pakistan as compared to American employees. The coefficient α here gives the affective commitment intercept ($\alpha = 1.237$) for America.

The result for equation # 3 shown in table (4.8) shows that types of employee Participation (Financial participation, Direct Participation and Representative Participation) have greater impact on the Affective commitment in Pakistan as compared to America.

The positive value of γ shows the increasing factor loading that indicates the difference in the estimators. The result of equation # 3 shown in table (4.8) depicts that in Pakistan employee's affective commitment would be enhanced by (0.183) means financial participation would be ($\beta = 0.554$, $p = 0.021$), Direct participation would be ($\beta = 1.179$, $p = 0.000$) and representative participation would be ($\beta = 0.237$, $p = 0.002$).

For further analysis of the data interactional terms were also used. These interactional terms were used to find out whether by using two types of employees participation have an impact of affective commitment or not. Table # 4.9 shows results of equation # 4.

Results of interaction terms show that interaction of financial and direct participation ($\beta = 0.746$, $p = 0.281$), interaction of financial and representative participation ($\beta = 0.064$, $p = 0.267$) and interaction of direct and representative participation ($\beta = 0.209$, $p = 0.687$) are insignificant for America. Results for Durbin Watson (DW = 1.811) showed minor error of auto correlation. While utilizing interactional terms most of the times auto correlation exists because data from which interactional terms are generated were present in the model.

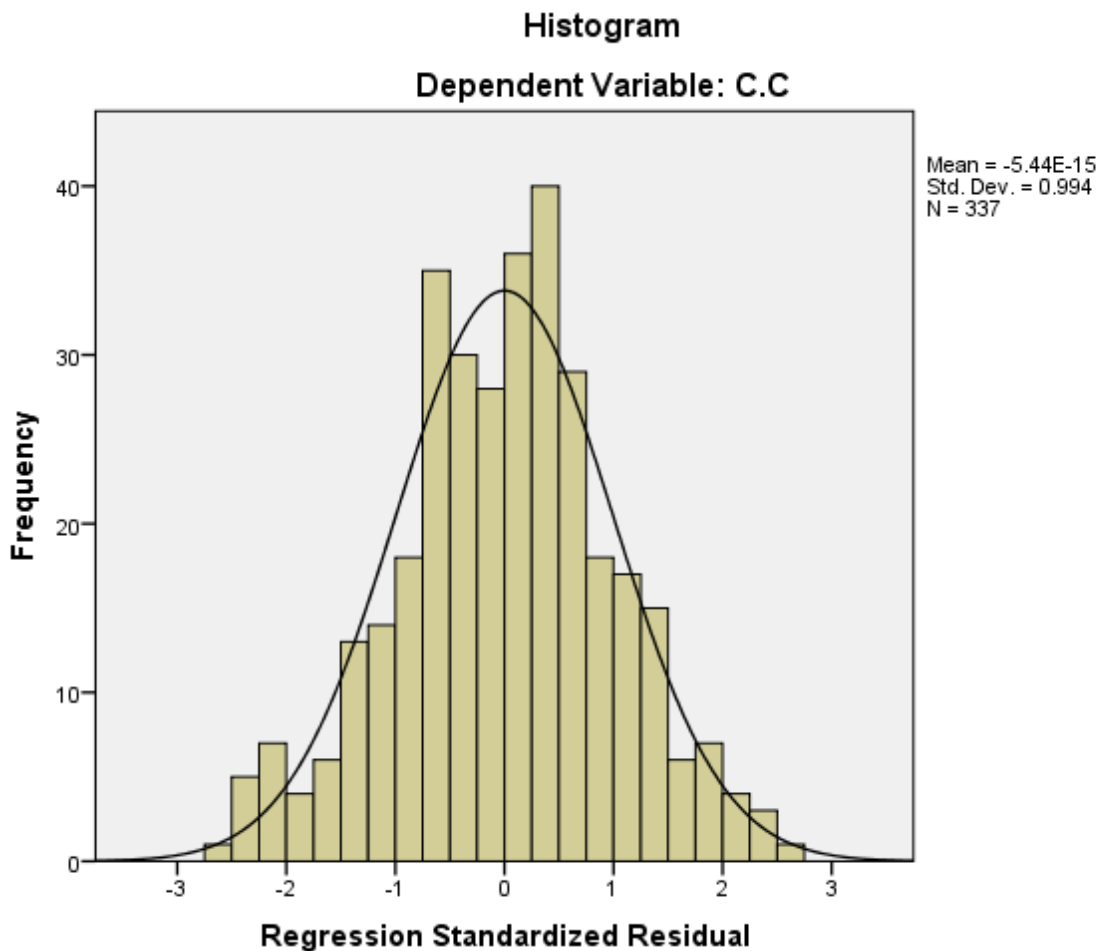
Table # 4. 9	
Regression Model of Equation # 4	
$A.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6 (D.P \times R.P) + \gamma (D_1) + \varepsilon$	
Intercept	1.479
p- value	0.000
R	0.977
R ²	0.953
R ² _{adj}	0.953
F	1339.412
Sig	0.000
F.P	0.570
p- value	0.025
D.P	0.901
p- value	0.031
R.P	0.351
p- value	0.091
F.P x D.P	0.746
p- value	0.281
F.P x R.P	0.064
p- value	0.267
D.P x R.P	0.209
p- value	0.687
D ₁	0.254
p- value	0.000
DW	1.811
Dependent Variable: A.C	
Predictors: F.P, D.P, R.P, F.P x D.P, F.P x R.P, D.P x R.P, D ₁	

Ramsey's reset test is the model misspecification test for equation # 4 is shown in table # b (Annex F); it was used to check whether the model is specified correctly or not. More

specifically, it tests whether non-linear combinations of the fitted values help explain the response variable. The intuition behind the test is that if non-linear combinations of the explanatory variables have any power in explaining the response variable, the model is misspecified. Results of F-statistics (6,241, $p = 0.0028$) show that the model is significant but the results of t-statistics reveal that all explanatory variables are statistically insignificant showing that our model is specified correctly.

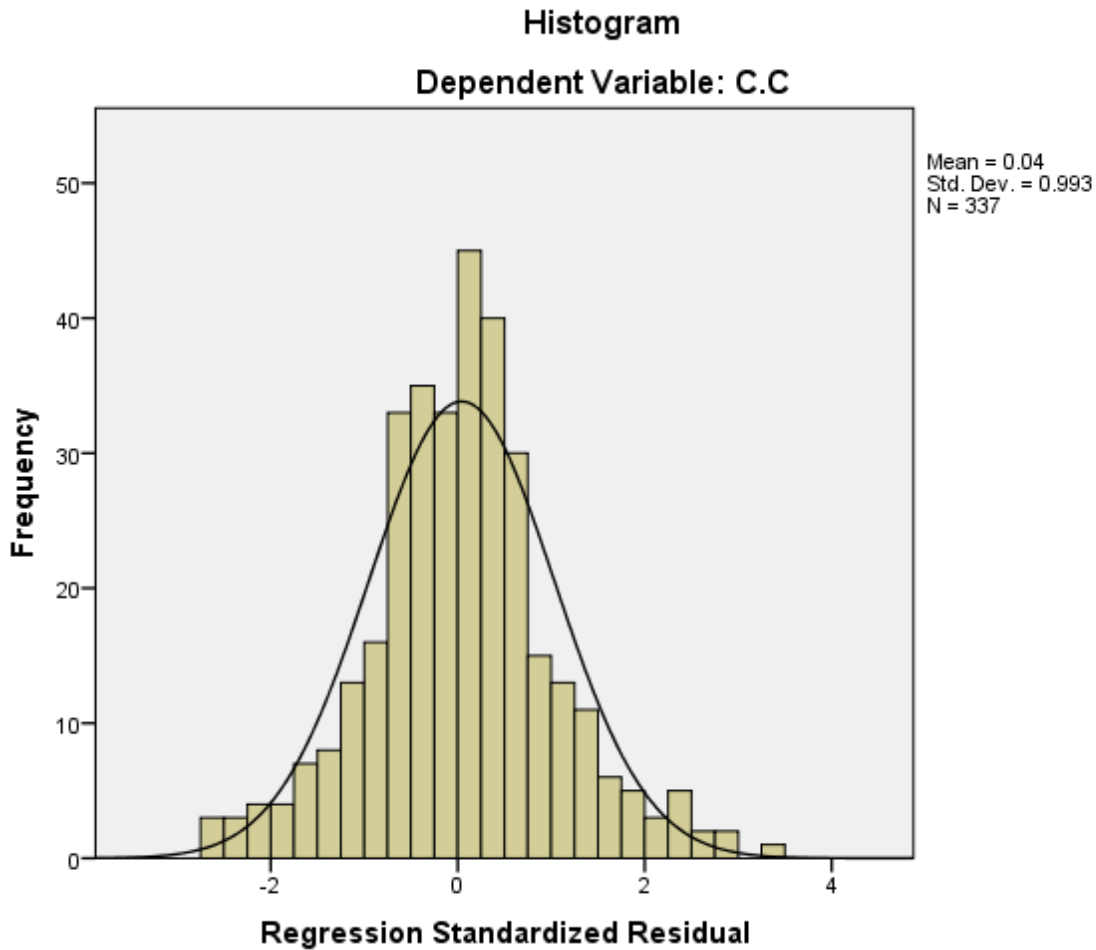
Before running equation 5 and 6 we find out normality of data. To analyze the normality of data histograms were plotted, which shows a minor abnormality in data. Histogram is shown in figure # 4.5.

Figure # 4.5: Abnormal Histogram for C.C



By excluding the abnormal values again histogram was plotted and normal curve was shown. Histogram is shown in figure # 4.6.

Figure # 4.6: Normal Histogram for C.C



4.1.2.2 Regression Results for Continuous Commitment

For analyzing the impact of types of employee participation on continuous commitment; results were obtained through multiple regression analysis with enter method. For this dummy variable was used depicted 1 for Pakistani data and 0 for American data. Table # 4.10 shows regression results obtained from abnormal data.

Table # 4. 10	
Regression Model of Equation # 5	
$C.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
Abnormal Data	
Intercept	1.535
p- value	0.000
R	0.506
R ²	0.256
R ² _{adj}	0.247
F	28.530
Sig	0.000
F.P	-0.055
p- value	0.885
D.P	0.671
p- value	0.540
R.P	0.101
p- value	0.945
D ₁	0.340
p- value	0.000
DW	1.696
Dependent Variable: C.C	
Predictors: F.P, D.P, R.P,D ₁	

The result of equation 5 is shown in table (4.10) which reveals that in all independent variables that are financial participation, direct participation and representative participation are insignificant, only dummy variable for country shows an impact on continuous commitment. The results show abnormality in the data of variables because of which it can be said all variables have shown in significant impact on continuous commitment. Durbin Watson statistics (DW = 1.696) have also shown autocorrelation in the results.

After removing the abnormal values from the data again results of equation# 5 were obtained which are shown in table # 4.11.

Table # 4. 11	
Regression Model of Equation # 5	
$C.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
	Normal Data
Intercept	1.791
p- value	0.000
R	0.844
R ²	0.798
R ² _{adj}	0.798
F	3384.375
Sig	0.000
F.P	0.163
p- value	0.045
D.P	0.988
p- value	0.000
R.P	0.014
p- value	0.001
D ₁	0.215
p- value	0.001
DW	2.173
Dependent Variable: C.C	
Predictors: F.P, D.P, R.P,D ₁	

Results of table # 4.11 show the analysis of equation # 5 after data normalization. It reveals that the model is significant as F statistics (F = 3384.375, Significance = 0.000). Overall correlation coefficient (R) is 0.844, which shows high correlation of independent variables with the dependent variable. Coefficient of determination (R²) shows that 79.8% variation in continuous commitment is because of financial participation, direct and representative participation. Statistics of Durbin-Watson (DW = 2.173) shows nonexistence of autocorrelation.

A dummy variable was also introduced in this model for the country origin of the employees showing (1) for Pakistan and (0) for America. So the results obtained are for America and we had to compute results for Pakistan. Here results show that financial participation ($\beta = 0.163$, $p = 0.045$), direct participation ($\beta = 0.988$, $p = 0.000$) and representative participation ($\beta = 0.014$, $p = 0.0012$) have positive and significant impact on continuous commitment for America.

The coefficient γ for the dummy variable (Country origin of employee) gives the difference in intercepts for the two regression lines ($\gamma = -0.215$, significance = 0.001). Moreover, because the within-country regression lines are parallel, γ also represents the constant vertical separation between the lines, and it may, therefore, be interpreted as the difference of continuous commitment in Pakistan as compared to American employees. The coefficient α here gives the continuous commitment intercept ($\alpha = 1.791$) for America.

The result for equation # 5 shown in table (4.11) shows that types of employee Participation (Financial participation, Direct Participation and Representative Participation) have greater impact on the Continuous commitment in Pakistan as compared to America.

The positive value of γ shows the increasing factor loading that indicates the difference in the estimators. The result of equation # 5 shown in table (4.11) depicts that in Pakistan employee's continuous commitment would be enhanced by (0.215) means financial participation would be ($\beta = 0.378$, $p = 0.000$), Direct participation would be ($\beta = 1.203$, $p = 0.000$) and representative participation would be ($\beta = 0.229$, $p = 0.001$).

For further analysis of the data interactional terms were also used. These interactional terms were used to find out whether by using two types of employees participation have an impact of continuous commitment or not. Table # 4.12 shows results of equation # 6.

Results of interaction terms show that interaction of financial and direct participation ($\beta = 0.421$, $p = 0.741$), interaction of financial and representative participation ($\beta = 0.378$, $p = 0.624$) and interaction of direct and representative participation ($\beta = 0.610$, $p = 0.148$) are insignificant for America. Results for Durbin Watson (DW = 1.873) showed minor error of auto correlation. While utilizing interactional terms most of the times auto correlation exists because data from which interactional terms are generated were already present in the model.

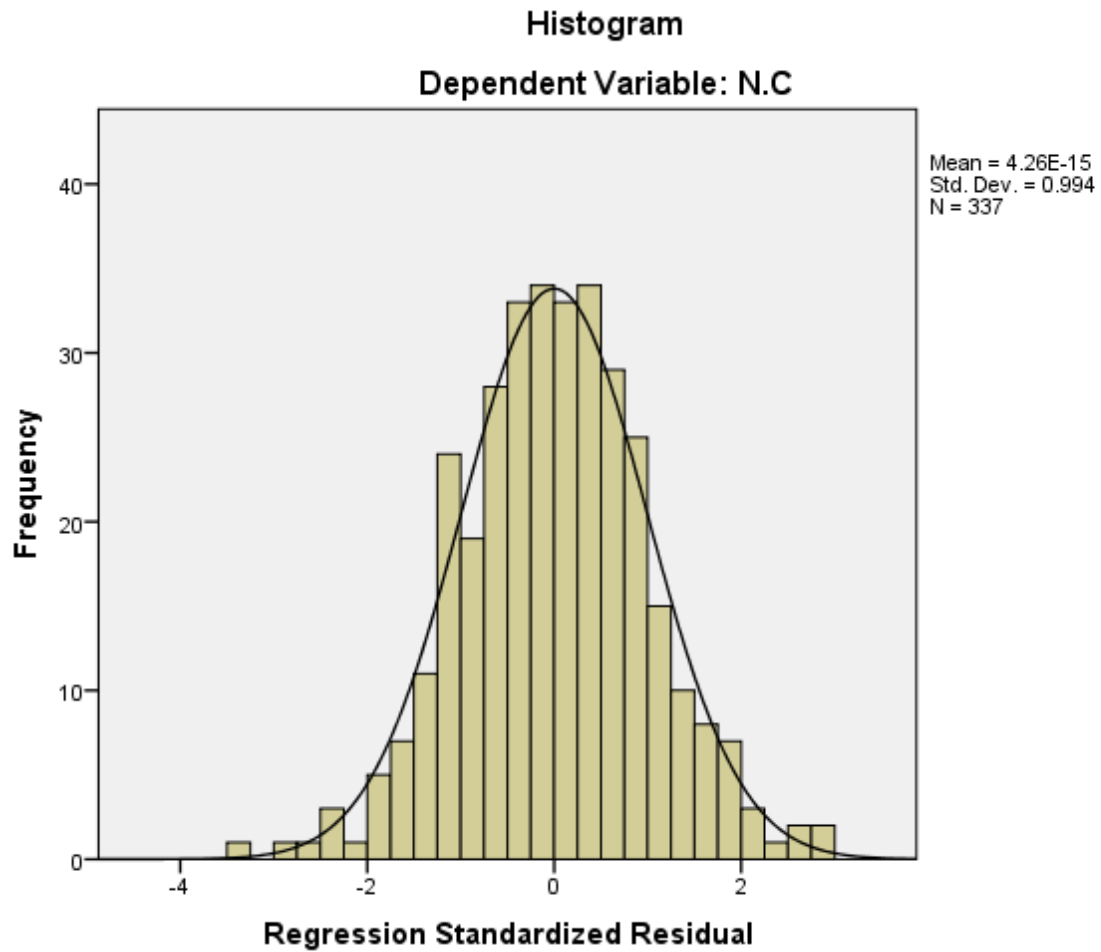
Table # 4. 12	
Regression Model of Equation # 6	
$C.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6$ $(D.P \times R.P) + \gamma (D_1) + \varepsilon$	
Intercept	1.617
p- value	0.000
R	0.964
R ²	0.951
R ² _{adj}	0.951
F	3354.717
Sig	0.000
F.P	0.213
p- value	0.025
D.P	0.974
p- value	0.004
R.P	0.107
p- value	0.002
F.P x D.P	0.421
p- value	0.741
F.P x R.P	0.378
p- value	0.624
D.P x R.P	0.610
p- value	0.148
D ₁	0.115
p- value	0.001
DW	1.873
Dependent Variable: C.C	
Predictors: F.P, D.P, R.P, F.P x D.P, F.P x D.P, F.P x R.P, D.P x R.P, D ₁	

Ramsey's reset test is the model misspecification test for equation # 6 is shown in table #

c (Annex F); it was used to check whether the model is specified correctly or not. More

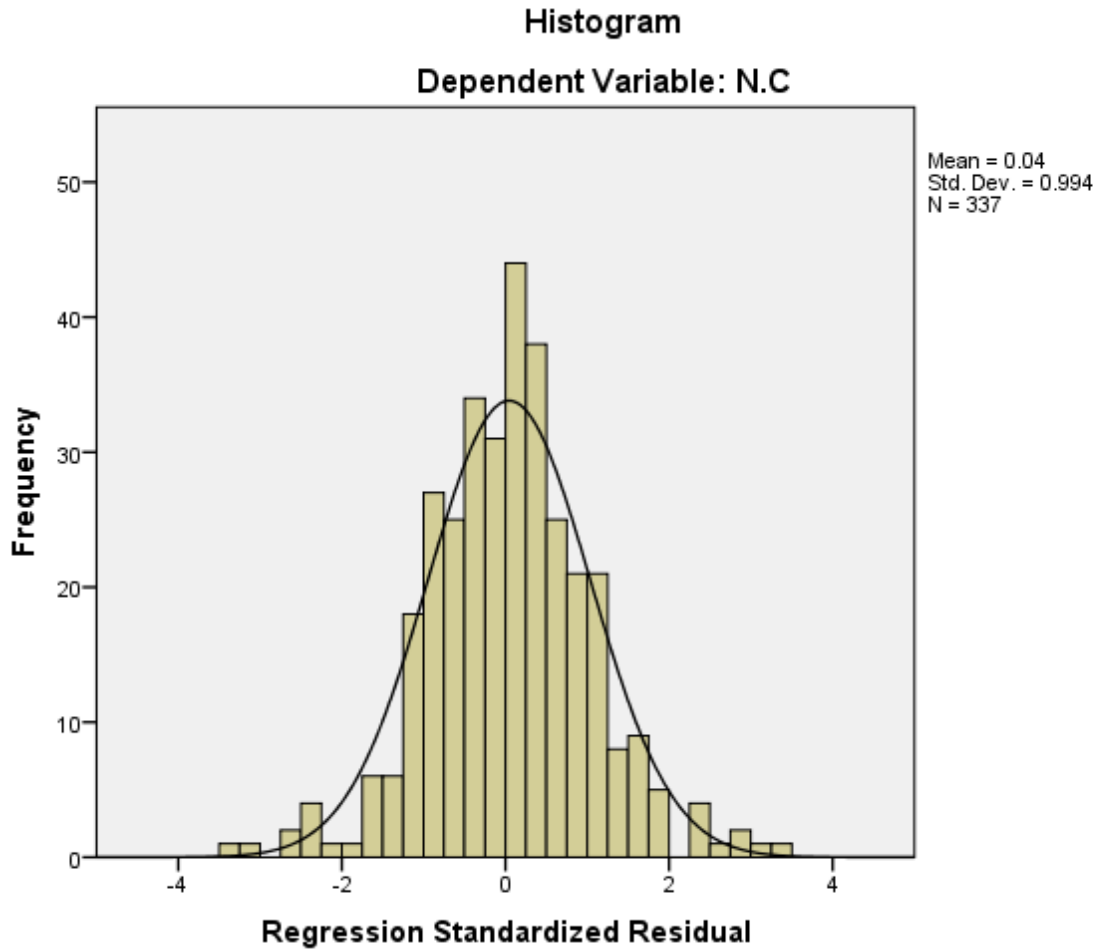
specifically, it tests whether non-linear combinations of the fitted values help explain the response variable. The intuition behind the test is that if non-linear combinations of the explanatory variables have any power in explaining the response variable, the model is misspecified. Results of F-statistics (7,472, $p = 0.0031$) show that the model is significant but the results of t- statistics reveal that all explanatory variables are statistically insignificant showing that our model is specified correctly.

Before running equation 7 and 8 we find out normality of data. To analyze the normality of data histograms were plotted, which shows a minor abnormality in data. Histogram is shown in figure # 4.7.

Figure # 4.7: Abnormal Histogram for N.C

By excluding the abnormal values again histogram was plotted and normal curve was shown.

Histogram is shown in figure # 4.8.

Figure # 4.8: Normal Histogram for N.C

4.1.2.3 Regression Results for Normative Commitment

For analyzing the impact of types of employee participation on normative commitment; results were obtained through multiple regression analysis with enter method. For this dummy variable was used depicted 1 for Pakistani data and 0 for American data. Table # 4.13 shows regression results obtained from abnormal data.

Table # 4. 13	
Regression Model of Equation # 7	
$N.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
Abnormal Data	
Intercept	1.411
p- value	0.000
R	0.608
R ²	0.369
R ² _{adj}	0.362
F	48.564
Sig	0.000
F.P	0.045
p- value	0.886
D.P	0.637
p- value	0.483
R.P	0.068
p- value	0.955
D ₁	0.404
p- value	0.000
DW	1.272
Dependent Variable: N.C	
Predictors: F.P, D.P, R.P,D ₁	

The result of equation # 7 is shown in table (4.13) which reveals that in all independent variables that are financial participation, direct participation and representative participation are insignificant, only dummy variable for country shows an impact on normative commitment. The results show abnormality in the data of variables because of which it can be said all variables have shown in significant impact on normative commitment. Durbin Watson statistics (DW = 1.272) have also shown autocorrelation in the results.

After removing the abnormal values from the data again results of equation# 7 were obtained which are shown in table # 4.14.

Table # 4. 14	
Regression Model of Equation # 7	
$N.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \gamma (D_1) + \varepsilon$	
Intercept	1.547
p- value	0.000
R	0.878
R ²	0.867
R ² _{adj}	0.867
F	4744.797
Sig	0.000
F.P	0.239
p- value	0.001
D.P	0.911
p- value	0.000
R.P	0.017
p- value	0.064
D ₁	0.290
p- value	0.000
DW	2.134
Dependent Variable: N.C	
Predictors: F.P, D.P, R.P,D ₁	

Results of table # 4.14 show the analysis of equation # 7 after normalizing the data. It reveals that the model is significant as F statistics (F = 4744.797, Significance = 0.000). Overall correlation coefficient (R) is 0.878, which shows high correlation of independent variables with the dependent variable. Coefficient of determination (R²) shows that 86.7% variation in normative commitment is because of financial participation, direct and representative participation. Statistics of Durbin-Watson (DW = 2.134) shows nonexistence of autocorrelation.

A dummy variable was also introduced in this model for the country origin of the employees showing (1) for Pakistan and (0) for America. So the results obtained are for America and we had to compute results for Pakistan. Here results show that financial participation ($\beta = 0.239$, $p = 0.001$), direct participation ($\beta = 0.911$, $p = 0.000$) and representative participation ($\beta = 0.017$, $p = 0.064$) have positive and significant impact on continuous commitment for America.

The coefficient γ for the dummy variable (Country origin of employee) gives the difference in intercepts for the two regression lines ($\gamma = 0.290$, significance = 0.000). Moreover, because the within-country regression lines are parallel, γ also represents the constant vertical separation between the lines, and it may, therefore, be interpreted as the difference of continuous commitment in Pakistan as compared to American employees. The coefficient α here gives the continuous commitment intercept ($\alpha = 1.547$) for America.

The result for equation # 7 shown in table (4.14) shows that types of employee Participation (Financial participation, Direct Participation and Representative Participation) have greater impact on the Normative commitment in Pakistan as compared to America.

The positive value of γ shows the increasing factor loading that indicates the difference in the estimators. The result of equation # 7 shown in table (4.14) depicts that in Pakistan employee's normative commitment would be enhanced by (0.290) means financial participation would be ($\beta = 0.529$, $p = 0.001$), Direct participation would be ($\beta = 1.201$, $p = 0.000$) and representative participation would be ($\beta = 0.307$, $p = 0.064$).

For further analysis of the data interactional terms were also used. These interactional terms were used to find out whether by using two types of employees participation have an impact of normative commitment or not. Table # 4.15 shows results of equation # 8.

Table # 4. 15	
Regression Model of Equation # 8	
$N.C = \alpha + \beta_1(F.P) + \beta_2 (D.P) + \beta_3(R.P) + \beta_4 (F.P \times D.P) + \beta_5(F.P \times R.P) + \beta_6 (D.P \times R.P) + \gamma (D_1) + \varepsilon$	
Intercept	1.787
p- value	0.000
R	0.981
R ²	0.974
R ² _{adj}	0.974
F	4494.687
Sig	0.000
F.P	0.189
p- value	0.001
D.P	0.821
p- value	0.001
R.P	0.024
p- value	0.057
F.P x D.P	0.886
p- value	0.307
F.P x R.P	0.438
p- value	0.168
D.P x R.P	0.745
p- value	0.701
D ₁	0.278
p- value	0.001
DW	1.713
Dependent Variable: N.C	
Predictors: F.P, D.P, R.P, F.P x D.P, F.P x R.P, D.P x R.P, D ₁	

Results of interaction terms show that interaction of financial and direct participation ($\beta = 0.886$, $p = 0.307$), interaction of financial and representative participation ($\beta = 0.438$, $p =$

0.168) and interaction of direct and representative participation ($\beta = 0.745$, $p = 0.701$) are insignificant for Pakistan. Results for Durbin Watson ($DW = 1.713$) showed minor error of auto correlation. While utilizing interactional terms most of the times auto correlation exists because data from which interactional terms are generated were already present in the model.

Ramsey's reset test is the model misspecification test for equation # 8 is shown in table # d (Annex F); it was used to check whether the model is specified correctly or not. More specifically, it tests whether non-linear combinations of the fitted values help explain the response variable. The intuition behind the test is that if non-linear combinations of the explanatory variables have any power in explaining the response variable, the model is misspecified. Results of F-statistics (2,983, $p = 0.0069$) show that the model is significant but the results of t-statistics reveal that all explanatory variables are statistically insignificant showing that our model is specified correctly.

4.1.3.1.2 Comparison among Forms of Organizational Commitment

Results obtained from table (4.8, 4.11, and 4.14) show that collective impact of financial participation, direct participation and representative participation is greater on affective commitment (87.43%) as compared to normative commitment (86.7%) and continuous commitment (79.8%). Among all three types of employee participation direct participation affects all normative and continuous forms of organizational commitment more while representative affects Affective commitment more. Representative participation has a weak but positive impact on normative and continuous forms of organizational commitment.

4.1.3 Research Question 3

Is there any difference between associations of types of employee participation and organizational commitment in America and Pakistan?

For answering this question we analyzed data in three steps:

- i. Scatter diagrams were drawn.
- ii. To find the extent of relationships, *Pearson Correlation* separately on both data from Pakistan and America was applied.
- iii. Compared results obtained from data of both countries.

4.1.3.1 Scatter Diagrams for Pakistani Data

The scatter diagram was developed so that intuitive and qualitative conclusions could be drawn between two variables. The scatter diagram is a useful tool for identifying a potential variation between variables. The shape of the scatter diagram presents valuable information about the graph. It shows the level of variation which may be occurring between variables. Scatter Diagrams for Pakistani data is shown as Annex D

For finding the relationship between variables, each pair of independent-dependent variables is plotted in graphical shape, using X-axis for dependent and Y-axis for independent variables. There is positive and linear relationship amongst all the variables with perceived organizational performance, therefore the points in the scatter diagrams are showing a tendency around a straight line.

Scatter plots are indicating visible pattern of how two factors vary simultaneously. The trend of scatter plots is that of upward straight line, which shows direct positive correlation between the two variables. In figures (a, b, c, d, e, f, g, h and i) scatter plots are developed between types of employee participation (financial participation, direct participation and representative participation) with forms of organizational commitment (affective commitment, continuous commitment and normative commitment), showing significantly positive relationship. The Scatter diagrams revealed data collected on selected variables is positively skewed some of the banks that showed distortion and variation in data

before doing further analysis, it is better to further analyze the data through Pearson correlation analysis to find variation between the groups of variables we have selected in this study.

Table (4.16) contains correlations for all variables. There is positive correlation amongst independent variables and dependent variable organizational commitment (affective commitment, continuous commitment and normative commitment). Correlation of *profit sharing* and affective commitment is ($r = .442, p < .01$) which indicates that there is positive and significant correlation between these two variables, proving that organizations which share their profits with their employees enhances their affection with the organization. Furthermore profit sharing has positive and significant correlation ($r = .338, p < .01$) with continuous commitment and ($r = .548, p < .01$) a strong and positive correlation with normative commitment.

Correlation value of *share ownership* with affective organizational commitment is ($r = .365, p < .01$), ($r = .321, p < .01$) correlation of share ownership with continuous organizational commitment and ($r = .424, p < .01$) correlation of share ownership with normative organizational commitment, which indicates that share ownership is a significant and positive indicator to enhance all three forms of organizational commitment.

4.1.3.2 Pearson Correlation of Pakistani Data

Table # 4.16 Correlations Coefficients for Pakistani Data

		G	A	Q	T	S	E.S	P.S	S. O	De.P	Con.P	R.P	A.C	C.C	N.C	
G	P. C	1														
	(2-tailed)															
A	P. C	0.487**	1													
	(2-tailed)	0.000														
Q	P. C	0.159*	0.441**	1												
	(2-tailed)	0.029	0.000													
T	P. C	0.050	-0.025	-0.075	1											
	(2-tailed)	0.491	0.733	0.304												
S	P.C	-0.079	0.095	0.044	-0.054	1										
	(2-tailed)	0.283	0.195	0.548	0.464											
E.S	P.C	-0.002	-0.070	-0.009	-0.006	0.135	1									
	(2-tailed)	0.983	0.340	0.900	0.933	0.066										
P.S	P. C	0.024	0.065	-0.073	-0.015	0.168*	0.036	1								
	(2-tailed)	0.746	0.379	0.320	0.840	0.021	0.626									
S.O	P.C	0.057	0.018	-0.091	0.116	0.123	-0.055	0.734**	1							
	(2-tailed)	0.441	0.803	0.215	0.113	0.092	0.455	0.000								
De.P	P. C	0.053	0.072	-0.045	-0.064	-0.097	0.002	0.396**	0.300**	1						
	(2-tailed)	0.472	0.329	0.542	0.383	0.184	0.978	0.000	0.000							
Con.P	P. C	0.013	0.066	0.114	-0.127	0.030	0.069	0.128	0.080	0.641**	1					
	(2-tailed)	0.854	0.370	0.119	0.082	0.682	0.343	0.080	0.278	0.000						
R.P	P. C	0.051	0.109	-0.053	0.109	0.451**	0.165*	0.319**	0.268**	0.328**	0.248**	1				
	(2-tailed)	0.489	0.137	0.470	0.138	0.000	0.024	0.000	0.000	0.000	0.001					
A.C	P. C	0.052	0.069	0.022	-0.058	0.153*	0.054	0.442**	0.364**	0.600**	0.637**	0.460**	1			
	(2-tailed)	0.482	0.345	0.764	0.426	0.036	0.460	0.000	0.000	0.000	0.000	0.000				
C.C	P. C	-0.014	0.042	-0.016	0.015	0.145*	0.023	0.388**	0.321**	0.552**	0.550**	0.466**	0.826**	1		
	(2-tailed)	0.850	0.570	0.826	0.834	0.047	0.754	0.000	0.000	0.000	0.000	0.000	0.000			
N.C	P. C	0.044	0.056	0.038	-0.040	0.050	0.078	0.548**	0.424**	0.596**	0.499**	0.403**	0.693**	0.764**	1	
	(2-tailed)	0.548	0.447	0.601	0.590	0.494	0.285	0.000	0.000	0.000	0.000	0.000	0.000	0.000		

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

The correlation value of *delegative participation* and affective commitment is ($r = 0.600$, $p < .01$) which indicates that by giving employees increased responsibility and autonomy to organize and perform their jobs not only enhances their emotional attachment but also their loyalty and perceptions of the costs associated with leaving the organization. Results of the table 4.16 indicate that normative commitment and continuous commitment is highly affected by delegative commitment ($r = 0.552$, $p < .01$) and ($r = 0.596$, $p < .01$) respectively.

Consultative participation is showing correlation ($r = .637$, $p < .01$) with organizational affective commitment which is highest value of correlation for affective commitment which reflects that programs like regular meetings with supervisors, attitude surveys and employee suggestion plans enhances employee's identification with the organization. Results of table 4.16 also reveal that in Pakistani setting employee's commitment with the organization is strongly affected by practices where management encourages employees to share their opinions regarding work-related concerns rather than financially involving employees. Results also indicate that consultative participation also strongly, positively and significantly related to the continuous commitment ($r = 0.550$, $p < .01$) and normative commitment ($r = 0.449$, $p < .01$) of employees.

Representative participation ($r = .460$, $p < .01$) with affective commitment, ($r = .466$, $p < .01$) with continuous commitment and ($r = .403$, $p < .01$) with normative commitment presents positive and significant correlation value. Results of table 4.16 for representative participation indicate that when organizations involve their employees through the intermediary of employee representative bodies, not only emotional affiliation with the organization increases but also their loyalty and cost of leaving the organization increases.

4.1.3.3 Scatter Diagrams for American Data

Scatter Diagrams for American Data is shown as Annex E.

For finding the relationship between variables, each pair of independent-dependent variables is plotted in graphical shape, using Y-axis for independent and X-axis for dependent variables. There is positive and linear relationship amongst some of the financial participation and forms of commitment (figure 4.9, figure 4.15 and 4.16), therefore the points

in the scatter diagrams are showing a tendency around a straight line. While the figures for representative participation and forms of commitment (figure 4.12, figure 4.13 and figure 4.18) are to some extent scattered showing no significant relationship. Figures for direct commitment are showing negative trend with affective and normative forms of commitment and for continuous commitment (figure 4.10, figure 4.11 and figure 4.14), it is scattered showing insignificant relationship.

Scatter diagrams are showing the direction of the relationship but for the extent of the relation we will have to apply Pearson Correlation analysis. Pearson correlation analysis for the American settings is presented in table 4.17, which is as follows:

4.1.3.4 Pearson Correlation of American Data

Table # 4.17 Correlations Coefficients for American Data

		G	A	Q	T	S	E.S	P.S	S.O	De.P	Con.P	R.P	A.C	C.C	N.C	
G	P. C	1														
	(2-tailed)															
A	P. C	0.000	1													
	(2-tailed)	0.996														
Q	P. C	0.075	0.45**	1												
	(2-tailed)	0.363	0.000													
T	P. C	0.096	-0.071	-0.043	1											
	(2-tailed)	0.242	0.392	0.599												
S	P.C	-0.055	-0.029	0.039	-0.078	1										
	(2-tailed)	0.508	0.723	0.639	0.346											
E.S	P.C	-0.065	-0.024	-0.150	0.115	-0.147	1									
	(2-tailed)	0.434	0.769	0.068	0.164	0.073										
P.S	P. C	0.093	-0.012	0.054	-0.094	-0.077	0.137	1								
	(2-tailed)	0.261	0.886	0.517	0.256	0.351	0.095									
S.O	P.C	0.021	0.005	0.058	0.016	-0.104	0.183*	0.702**	1							
	(2-tailed)	0.803	0.949	0.483	0.845	0.205	0.025	0.000								
De.P	P. C	0.176*	0.192*	0.311**	-0.018	-0.071	-0.057	0.201*	0.170*	1						
	(2-tailed)	0.032	0.019	0.000	0.824	0.393	0.486	0.014	0.038							
Con.P	P. C	0.076	-0.049	-0.084	0.002	-0.052	0.188*	0.151	0.124	-0.304**	1					
	(2-tailed)	0.355	0.552	0.307	0.981	0.530	0.022	0.066	0.132	0.000						
R.P	P. C	0.076	-0.007	-0.036	0.013	-0.005	0.118	0.139	0.112	-0.225**	0.654**	1				
	(2-tailed)	0.358	0.934	0.664	0.877	0.949	0.151	0.090	0.172	0.006	0.000					
A.C	P. C	0.082	0.034	0.002	0.085	-0.120	0.141	0.243**	0.432**	0.543*	0.207**	0.025	1			
	(2-tailed)	0.323	0.680	0.976	0.304	0.144	0.085	0.003	0.000	0.040	0.001	0.075				
C.C	P. C	0.034	0.159	0.149	0.066	0.015	0.074	0.242**	0.331**	0.123	0.148	0.011	0.770**	1		
	(2-tailed)	0.682	0.052	0.071	0.424	0.858	0.369	0.003	0.000	0.016	0.071	0.092	0.000			
N.C	P. C	0.087	0.061	0.067	0.094	-0.076	0.080	0.238**	0.394**	0.082*	0.10*	0.081	0.662**	0.657**	1	
	(2-tailed)	0.291	0.459	0.414	0.256	0.358	0.330	0.003	0.000	0.021	0.029	0.067	0.000	0.000		

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Table (4.17) contains correlations for all variables. There is positive correlation amongst independent variable (profit sharing) and dependent variable organizational commitment (affective commitment, continuous commitment and normative commitment). Correlation of *profit sharing* and affective commitment is ($r = .243, p < .03$) which indicates that there is positive and significant correlation between these two variables, proving that organizations which share their profits with their employees enhances their affection with the organization. Furthermore, profit sharing has positive and significant correlation ($r = .242, p < .03$) with continuous commitment and ($r = .238, p < .03$) positive and significant correlation with normative commitment.

Correlation value of *share ownership* are also positive and significant with affective organizational commitment ($r = .432, p < .01$), continuous organizational commitment ($r = .331, p < .01$) and ($r = .394, p < .01$) with normative organizational commitment, which indicates that share ownership is a significant and positive indicator to enhance all three forms of organizational commitment. Value of correlation between share ownership and forms of organizational commitment (affective commitment, continuous commitment and normative commitment) are highest among all forms of employee participation in American settings which indicates that by giving a financial stake within the organization not only enhances their emotional affiliation with the organization. But also their loyalty and cost associated with the organization.

The correlation value of *delegative participation* and affective commitment is ($r = 0.543, p < .04$) which indicates that by giving employees increased responsibility and autonomy to organize and perform their jobs is positively related with emotional attachment. Correlation value between continuous commitment and delegative participation is ($r = .123, p < 0.016$) which indicates that delegative participation is positively related with continuous commitment and the value is significant. The result of the table 4.17 indicates that correlation value of normative commitment and delegative participation is ($r = 0.082, p < .02$) which is although positive and significant but the association is very weak.

Consultative participation is showing correlation ($r = .207, p < .01$) with organizational affective commitment which indicates that practices where management encourages employees to share their opinions regarding work-related concerns, enhances

employee's identification with the organization. Results of table 4.37 indicate that consultative participation has weak, positive and insignificantly related to the continuous commitment ($r = 0.148$, $p < .071$) but it has a weak, negative and significant relation with normative commitment ($r = 0.106$, $p < .029$) of employees.

In American settings relationships between *Representative participation* and forms of organizational commitment (affective, normative and continuous) are weak but significant. Correlation value of representative participation and affective commitment is ($r = 0.025$, $p < 0.075$), correlation value of representative participation and continuous commitment is ($r = .011$, $p < 0.092$) and with normative commitment it is ($r = 0.081$, $p < 0.067$). Results of table 4.17 for representative participation indicate that when organizations involve their employees through the intermediary of employee representative bodies, significant variation in the forms of organizational commitment occurs.

4.1.3.5 Comparative analysis of Correlation for Pakistani and American Data

For comparative analysis we will consider results of tables (4.16 and 4.17). Correlation analysis of Pakistani data reveals both types of *financial participations* (*Profit sharing, Share ownership*) are significantly and positively related to all three forms of organizational commitment, where as in American settings this relationship behaves in the same way.

In Pakistani settings, both forms of *direct participations* (*Delegative participation and Consultative Participation*) are highly positive, and significant with all three forms of organizational commitment. In contrast with the American settings where delegative participation is negatively related with affective and continuous commitment, while with normative commitment it has a positive but a weak relationship. Relationship of consultative participation with affective commitment is positive and significant but with normative it is negative and significant while with continuous it is weakly positive and insignificant.

Relationship of representative participation with forms of organizational commitment is highly significant and positive whereas in American settings it behaves differently. In American settings both affective, continuous and normative commitment is significantly weak related with representative participation.

4.1.4 Research Question 4

Decision of profit sharing to be individual or collective is based on what perspectives in both countries?

For answering this question we will analyze data in two steps:

- i. We applied equation # 9 separately on both data from Pakistan and America.
- ii. Compared results obtained from the data of both countries.

Equation # 9

$$\text{PSD} = \alpha + \beta_1(\text{V}) + \beta_2(\text{Pro}) + \beta_3(\text{Aff}) + \beta_4(\text{O}) + \beta_5(\text{R}) + \beta_6(\text{Att}) + \gamma (\text{D}_1) + \varepsilon$$

Profit Sharing Decision= Intercept + Coefficient (Value) + Coefficient (Productivity) + Coefficient (Affection) + Coefficient (Obligation) + Coefficient (Retention) + Coefficient (Attraction) + Coefficient (Dummy for Origin) + Error

4.1.4.1 Results of Regression for Equation # 9

Table # 4. 18	
Regression Model of Equation # 9	
$PSD = \alpha + \beta_1(V) + \beta_2(Pro) + \beta_3(Aff) + \beta_4(O) + \beta_5(R) + \beta_6(Att) + \gamma (D_1) + \varepsilon$	
Intercept	1.674
p- value	0.000
R	0.718
R ²	0.419
R ² _{adj}	0.327
F	45.774
Sig	0.000
Value	0.579
p- value	0.637
Productivity	0.483
p- value	0.097
Affection	0.075
p- value	0.796
Obligation	0.637
p- value	0.507
Retention	0.125
p- value	0.934
Attraction	0.366
p- value	0.577
D ₁	0.178
p- value	0.007
DW	1.224
Dependent Variable: PSD	
Predictors: Value, Productivity, Affection, Obligation, Retention, Attraction, D ₁	

Table # 4.19	
Regression Model of Equation # 9	
$PSD = \alpha + \beta_1(V) + \beta_2(Pro) + \beta_3(Aff) + \beta_4(O) + \beta_5(R) + \beta_6(Att) + \gamma(D_1) + \varepsilon$	
Intercept	1.745
p- value	0.000
R	0.987
R ²	0.954
R ² _{adj}	0.954
F	1674.247
Sig	0.000
Value	0.479
p- value	0.348
Productivity	0.927
p- value	0.007
Affection	0.279
p- value	0.619
Obligation	0.165
p- value	0.045
Retention	0.614
p- value	0.054
Attraction	0.301
p- value	0.035
D ₁	0.148
p- value	0.000
DW	2.0237
Dependent Variable: PSD	
Predictors: Value, Productivity, Affection, Obligation, Retention, Attraction, D ₁	

The result for Equation # 9 shown in table (4.19) reveals employee productivity, attract to new candidate, affection for the organization, reduction in intention to leave, obligation for the organization and to enhance value for employees covers 95.4% variation in the decision regarding profit sharing.

The result of equation #9 shown in table (4.19) shows that in American settings decision about of profit sharing is based on assumptions that it would enhance employee productivity ($\beta= 0.927$, $p = 0.007$), attract new potential candidates ($\beta= 0.301$, $p = 0.035$), obligation ($\beta= 0.165$, $p = 0.045$) and reduce employee intention to leave ($\beta= 0.614$, $p = 0.054$), instead elements like affection ($\beta= 0.279$, $p = 0.619$) and to enhance value for employees ($\beta= 0.479$, $p = 0.348$) are insignificant in decision about profit sharing.

The estimators of independent variables for Pakistan reveal that productivity, employee attraction, obligation and employee retention has greater impact on profit sharing decision as compared to America. The positive value of γ shows the increasing factor loading that indicates the difference in the estimators.

The result of equation #9 shown in table (4.19) shows that in Pakistani settings decision about of profit sharing is based on assumptions that it would enhance employee productivity ($\beta= 1.075$, $p = 0.007$), attract new potential candidates ($\beta= 0.449$, $p = 0.035$), obligation ($\beta= 0.313$, $p = 0.045$) and reduce employee intention to leave ($\beta= 0.762$, $p = 0.054$), instead elements like affection ($\beta= 0.427$, $p = 0.619$) and to enhance value for employees ($\beta= 0.627$, $p = 0.348$) are insignificant in decision about profit sharing

The result for equation # 9 shown in table (4.19) shows that employee productivity, attract to new candidate, retention and obligation for the organization have greater impact on the decision regarding profit sharing in Pakistan.

4.1.4.2 Comparative analysis for Pakistani and American Data

Results of table (4.18) reveal that in Pakistani settings major elements of deciding profit sharing include variables like enhancing employee productivity, organization's obligation, employee attraction and reducing employee intention to leave. Results indicate that in America the impact of variables like enhancing employee productivity, organization's obligation, employee attraction and reducing employee intention to leave is less than Pakistan. The positive sign of D_1 shows the increasing factor loading that indicates the difference in the estimators. In both countries profit sharing decisions are not based on variables including employee value and employee affection have no impact on profit sharing decision as the their values coefficients are insignificant.

4.2 Summary

To test Research Question 1 we applied equation 1 and 2 separately on data from Pakistan and America, interaction forms were included in the equation to test the mutual effect of types of employee participation, and finally comparison of results obtained from the data of both countries. For Research Question 2 we applied Descriptive Statistics and Multiple Regression Analysis for equation # 3, 4, 5, 6, 7 and 8 on data on both countries. For Research Question 3, Scatter Diagrams and Pearson Correlation on data of both countries were applied. For Research Question 4 Multiple Regression Analysis was applied on data of both countries regarding variables like profit sharing decision, productivity, attraction, affection, leave, obligation and value.

CHAPTER 5

SUMMARY, CONCLUSION, RECOMMENDATION

Main under discussion of this chapter is:

- i. Comparison of major findings with the previous findings in other studies.
- ii. Implications of the findings for types of employee participation and forms of organizational commitment.
- iii. Contributions of the current study.
- iv. Limitations of the study.

5.1 Discussion of Findings

5.1.1 First research question was about the extent of effect of types of employee participation on organizational commitment.

5.1.1 (a) The results of this question indicated that in Pakistan all three types of employee participation has a strong positive and significant impact on organizational commitment while in American settings financial participation, direct participation and representative participation has a positive and significant impact on organizational commitment while this relationship is weak as compared to its impact on banking sector of Pakistan.

5.1.1 (b) A research study conducted by Poole, Lansbury, And Wailes (2001) American organizations indicates that direct participation although has very less contribution in enhancing organizational commitment but still it has a positive and significant impact at workplaces. This result is contradictory with the findings of our study stating that direct employee participation has the strongest influence on organizational commitment as compared with other types of commitment.

5.1.1 (d) Results obtained by another study of Bakan, Suseno, Pinnington, Money (2004) concluded employees financial participation plans have been associated with increased commitment of employees.

5.1.1 (e) During data analysis it was observed that in both countries types of employee participation are gaining popularity day by day, like in United States, direct

participation has a significant and positive relationship in Pakistan. Study conducted by Tor & Torger (1999) stated that there are a number of reasons because of which direct employee participation should be arranged in organizational planning which includes willingness and ability to work for business goals, which eventually increases their commitment with the organization.

5.1.1 (f) Study conducted by Kamal, Yasir, Hanif, Fawad (2009) said “Most of the Pakistani banks do not see employee participation as a driver of enhancing organizational commitment which are in contrast with are findings which states that types of employee participation has a positive and significant impact on organizational commitment.”

5.1.1 (g) The results of this study are according to the Hofsted’s 4_Dimensional model. As this study reveals that direct participation has a stronger influence on organizational commitment in Pakistan as compared to America. It is because of the reason that in Pakistan employees accept hierarchical differences and when they are given more autonomy and their manager consults with them before taking decisions their commitment level with the organization increases. America’s score on power distance dimension is 40 where hierarchy is created for employee’s convenience, managers are accessible and depend on employees and teams for their expertisewhich also enhances employee’s organizational commitment but on a lesser mode as compared to Pakistan because they consider them as a part of their culture.

5.1.1 (h) The results of this study also reveals that no two types of employee participation could be applied together. If all types of employee participation are introduced in organization that would not influence employee’s organizational commitment as proved with the results of equation # 2 in Table # 4.6.

5.1.2 Second research question was about the extent of types of employee participation effect different forms of organizational commitment in America and Pakistan.

5.1.2 (a) Results of table (4.8) revealed that in Pakistan types of employee participation could affect 87.4% variation in affective commitment. This level of impact of types of employee participation (financial participation, direct and representative participation) on affective commitment is greater than all other forms of organizational commitment.

5.1.2 (b) Results of tables (4.8) revealed that in America types of employee participation affect lesser variation in affective commitment as compared to Pakistan.

5.1.2 (c) These results are parallel with the findings of a research study conducted in Center for Advanced Studies in Engineering, Islamabad, Pakistan (CASE), by Khan, Ali, Ahsan and Mirza in 2001 discovering that in Pakistan types of employee participation has a very strong impact on employee's normative, affective and continuous commitment.

5.1.2 (d) Results are contradictory with the findings of Kalyal and Saha (2008), which stated that in Pakistan types of employee participation has very little or negative impact on affective commitment and continuous commitment. These results could be contradictory because study of Khalyal and Saha (2008) was not sector specific while this study is specific for commercial banking sector of USA and Pakistan. Furthermore study provides an in-depth analysis of types of employee participation while their study only represents employee participation as a whole.

5.1.2 (e) In Pakistani settings among types of employee participations, direct participation is the one which affect affective commitment the greatest while representative participation affects affective commitment the least.

5.1.2 (f) In both American and Pakistani settings representative participation is the type which affect all three forms of organizational commitment (affective, normative and continuous commitment) the least. When we compared results obtained for representative participation for both USA and Pakistan it was revealed that the impact is a bit stronger in Pakistan as compared to USA. This might be because of the reason that in USA mostly representative participation in the form of unions and worker director are part of NYSE code of conduct and employees does not feel that a source of enhancing organizational commitment; while in Pakistan mostly organizations do not have worker director on their boards of director or have unions; resulting in enhancing employee's organizational commitment.

5.1.2 (g) In both American and Pakistani settings direct participation is the type which affect all three forms of organizational commitment (affective, normative and continuous commitment) the most. When we compared results obtained for direct participation for both USA and Pakistan it was revealed that the impact is a bit stronger in Pakistan as compared to USA. This might be because of the reason that USA is an individualistic society they like to

work alone and while Pakistan has a collectivist culture because of which practices like delegative and consultative participation has more impact of all forms of organizational commitment as compared to USA. It is also evident that in Pakistan power distance is a bit higher than USA. Pakistan is a hierarchical society reflecting inherent inequalities and centralization of authority; in this scenario if employees are given authority and their voice is heard that would result in higher employee's organizational commitment.

5.1.2 (g) Results for America showing a strong positive impact on all three forms of organizational commitment (affective, normative and continuous commitment) are similar with the results of a meta-analysis by Kruse (2002) on the research studies conducted in United States which says that financial participation schemes are resulting in higher organizational commitment.

5.1.2 (h) Results for tables (4.9, 4.12, 4.15) reveal that in organizations working in both countries do not have to implement all types of employee participation at once or altogether; it would not influence any sort of employee's organizational commitment.

5.1.3 Third research question was to investigate difference between associations of types of employee participation and organizational commitment in America and Pakistan.

5.1.3 (a) The results of table (4.16) show that types of financial participation (profit sharing and share ownership), direct participation (delegative and consultative participation) and representative participation have a positive and significant association with all three forms of organizational commitment.

5.1.3 (b) In American settings both types of financial participation (profit sharing and share ownership) have a positive and significant relationship with all three forms of organizational commitment. This relationship is strong because USA is an individualistic society means it is a loosely-knit society in which the expectation is that people look after themselves and their immediate families. In organizations, employees are expected to be self-reliant and display initiative and financial participation schemes provide them with the opportunity to better look after themselves and their families resulting in higher organizational commitment.

5.1.3(c) Delegation participation and consultative participation has a strong and positive relation with affective commitment while Delegation participation and consultative participation has a weak positive relation with normative commitment.

5.1.3(d) Representative participation with forms of organizational commitment are weak but significant. These results are similar with the findings of McElory (2001) according to which direct participation has a positive and significant relation with affective commitment. According to him organizations that give their employees more responsibility and autonomy indicates trust in their employees which leads to an increase in the normative commitment. Fletcher and Williams (1996) found a weak correlation between employee participation and organizational commitment.

5.1.3 (e) Results of third research question were also contradictory with the findings of Maithieu, Zajac (1990) and Kaldenberg, Becker and Zvonkovic (1995) which shows statistically significant positive correlation between age and affective organizational commitment.

5.1.3 (f) Results of table 4.16 and 4.17 show that share ownership and profit sharing relationship in Pakistan is stronger with normative commitment while in USA share ownership and profit sharing relationship is stronger with affective commitment. It is seen that in Pakistan if organizations provide some financial contribution in their profits they will become more committed with the organization and would feel their moral obligation to remain with the organization; while in USA if organizations provide some financial contribution in their profits their loyal with the organization would get increased.

5.1.3 (g) Results of table 4.16 and 4.17 show that both forms of direct participation (delegation participation and consultative participation) has the strongest impact on affective commitment in both USA and Pakistan. It is seen that in Pakistan if organizations provide some authority and listen to their voice (consultation); this would result in enhancing their loyalty with the organization.

5.1.3(h) Results of the research question conclude that correlation between age and affective organizational commitment are weak positive and insignificant in both the American and Pakistani settings. This shows that in both countries there is no relationship between the age and emotional attachment of employees with the organization.

5.1.4 Fourth research question was about to investigate the bases of decision of profit sharing to be individual or collective.

5.1.4 (a) Results of tables (4.19) indicates that decisions of profit sharing in American and Pakistani settings are based on elements like employee productivity, organization's obligation, employee retention and attracting new employees. However the impact of productivity and employee attraction is more significant in Pakistan while in America its impact on retention and obligation is greater.

5.1.4 (b) These results are similar with the findings of the study conducted by Afifi (1991) which states that decisions of profit sharing is strongly affected by elements like enhancing employee productivity and employee retention.

5.1.4 (c) Research study conducted by Kruse and Douglas (1993), in American settings states that decision regarding profit sharing and its relationship with productivity is unclear, similar results were obtained in our study because results of table (4.40) shows that impact of profit sharing and productivity is insignificant.

5.2 Contribution of the Current Study

This study has variety of unique characteristics. Following are the few contributions of this current study:

- 5.2.1 This study adds to researcher's efforts to understand the relationship among types of employee participation (financial participation, direct participation and representative participation) and forms of organizational commitment (affective commitment, continuous commitment, normative commitment) with in commercial banking sector of both Pakistan and America.
- 5.2.2 The study contributed new directions in the research of management by opening up a debate on the importance of types of employee participation and forms of organizational commitment. The fact that statistically significant correlations and regression results are indicating that all the types of employee participation are contributing towards the forms of organizational commitment.

- 5.2.3 The study also shows a relationship including the similarities and differences regarding described research variables in selected sample sector (Commercial Banking) in both countries (America and Pakistan).
- 5.2.4 This research study also opens a new horizon in the field of profit sharing and HR researchers to work on the dependability of decision regarding profit sharing on elements like enhancing employee productivity, retention, employee affection with the organizations and lastly to attract new potential candidates for the organization in both labor markets of America and Pakistan.
- 5.2.5 This study provides implication for the management that how practices like delegative, consultative participation, financial participation, worker directors and unions can be implemented within their organizations.
- 5.2.6 This research study provides a keen observation to the management of the organizations regarding the usefulness of employee participation practices with in both countries.
- 5.2.7 This research study provides an overview to the management regarding the impact of two or more than two employee participation practices if implemented together. So they have to be very careful in selecting and implementing the type of employee participation.
- 5.2.8 This study is a comparative analysis between Pakistan and America. Currently in literature regarding types of employee participation and forms of organizational commitment there is not a single study which provides an evidence of comparison among these variables in banking sector of both countries.
- 5.2.9 The study eventually opens a new dimension in the field of human resource researchers to analyze relationship of variables like human resource practices (recruitment, selection, compensation, training, development, career planning and participation) and their outcomes like (job satisfaction, employee retention, organizational commitment, and employee productivity and employee intentions to turnover) in a comparative analysis perspective.

5.3 Implication of the Study

Implications of the study have two dimensions including:

- 1) Theoretical Implications
- 2) Managerial Implications

5.3.1 Theoretical Implications

The theoretical implications of the current study which indicate its importance are as follows:

5.1.3.1 The study of organizational commitment and types of employee participation in one comprehensive model in a cross cultural context and focusing on commercial banking sector are the key highlights of this dissertation.

5.1.3.2 The current study also enhances our understanding in developed and underdeveloped countries differentiation debate. The unique environment of both types of countries has got unique results for types of participation and forms of commitment providing sufficient proofs to prove the difference.

5.1.3.2 (a) At first instance studies on relationship between different types of organizational commitment in banking sector organizations in both types of countries are insignificant in available literature.

5.1.3.2 (b) Relevance and importance of context and culture has further strengthened through this study. Culture has emerged a dominant factor which influences organizational and employee behavior towards each other. For example majority of findings of the present study support the theoretical debate on Hofstede's 4 Dimensional model of culture. The result of present study in many ways support 4-D model. For example in Pakistan where power distance is high, people generally tend to accept authority and power easily. Thus results regarding delegative participation, consultative participation and representative participation have significantly influences all forms of organizational commitment. For example in culture of high power distance, people are interested to gain more and more power using different methods including union representation or worker association, delegative participation or share ownership.

5.1.3.3 Results with reference to Becker's Side-Beds (1960) and Meyer and Allen (1991) were quite unique as the impact of financial participation including profit sharing and share ownership with continuous commitment was quite higher as compared to the rest of the

Affective commitment and normative commitment. According to the theory these side-beds in the forms of profit sharing and share ownership schemes increases employee's cost to leave the organization.

5.3.2 Managerial Implications

Empirical evidence appears to support the view that practices like financial participation, direct and representative participation can influence the forms of organizational commitment. Organizations interested in their growth and in highly committed work force must involve their employees in decision making process. Some time it happens that what employees knows, managements does not know it. It is always true that employer cannot implement all the types employee participation techniques immediately, it never work. Organizations have to implement them one by one so that employee can trust their employer.

The research provides proofs for the organizations that whenever the workforce is not participating in their organization, commitment is adversely impacted. When an employee is not committed with the company, there are multiple effects as under:

- i. Loss of that person's skills and knowledge.
- ii. Loss of productivity of the organization.
- iii. Financial impact of replacing that individual.
- iv. Impact on employee morale; depending on the reason for which employee left the company.

In the findings, study provides evidence that investment in employee participation schemes like profit sharing, share ownership, representation in the board of directors, establishment and management of unions, enhancing skills of employees to make decisions regarding their own task by task delegation and employee consultation results in higher employee's commitment towards the organization.

The results of the study also advocate that employee participation is a three-fold issue:

- i. Organizations acquire potential and credible employees; for retaining them they incorporate them into the organizational atmosphere; once employees are acquired, management must continually revitalize them by practices like

employee consultation and task delegation, otherwise it will change to something else, and all of the initial hard work will be lost.

- ii. Existing employees must be made to feel as though they are part of the evolving system. Their skills (both technical as well as personal) must continually be sharpened and enhanced with the help of techniques like direct participation and representative participation.
- iii. If employees are financially involved with in the organization they will be more committed with the organization and employee intentions to turnover will be reduced.

Employee participation practices like task delegation, consultation, employees' financial participation; worker director enhances trust of employees over management and a sense of control on the part of the employees. It may provide more valuable decisions giving diversity of perspectives and results in enhancing employee's commitment and acceptance of decisions through a sense of ownership as a result, goals will be effectively implemented.

During survey it was observed that by creating a participative environment within the organization by practices like delegative, consultative participation, financial participation, and union representation and worker directors initiates physiological empowerment of employees that results in enhancing employees personal capabilities and reduces employee's needs of showing their power through strikes against management.

Employee participation practices could not be implemented over night by the management; this will lead to mis-trust by the employees over management. For the implementation of this sort of practices management needs to look for the following strategies which if not carefully implemented may bestow negative consequences. These strategies determine the nature and degree of participation that should be available to employees:

- i. Employee participation practices like employee consultation and delegative could have a negative influence on organization if alternatives available are not simple but have multiple dimensions that can influence organization.
- ii. Employee participation practice becomes inappropriate for the organizations when employee tasks are interdependent.

- iii. Employee participation practices should be very carefully implemented when environmental factors are changing rapidly.
- iv. Training cost of the organization increases for developing new skills and responsibilities within employees.
- v. Employee participation practices like employee consultation, delegation, worker director, financial participation cannot be implemented rapidly. They should be developed slowly and employees should be properly notified otherwise employees would not trust management proceedings.
- vi. Employee participation practices sometimes slow down the pace of decision making, so an efficient evaluation and manifesto is required.
- vii. Once a decision is committed, it needs implementation; employees may show reluctance to change. So, decision must be effected in such a way that employees would not feel reluctant to be a part of that.
- viii. Not every employee has strong desires for creativity and achievement, some employees do have low expectations about their current or future situations, these types of employees requires some form of motivation that would drive them to participate with management decisions. Management should also focus on these types of employees.

5.4 Conclusion

The management may be able to increase the level of commitment in the organization by increasing contribution of employees within the organization by following means:

- i. By increasing the interactions with employees in staff meetings.
- ii. Increasing guided discussions of topics related to these issues.
- iii. Employees could be interviewed to determine their perceptions of management's ability to address these issues.
- iv. Changes in organizational variables, such as employee contribution in policy development.
- v. Better work environment be made in an effort to increase organizational commitment.

Most of the Pakistani organizations do not see employee participation as a driver of better employee performance; our research indicates that it is one of the foremost contributing variables towards enhancing organizational commitment.

5.5 Limitations of the Study

The results of this study should be viewed with a small number of limitations in mind this research study has the following limitations:

- 5.5.1 Although out of a sample of 250 each from Pakistan and America as many as 205 (82%) from Pakistan and 149 (59.6%) from America in total (70.8%) responded from commercial banking sector. This sample size is not large to reflect the factual image of the organizations functioning in Pakistan and America especially in the context of measuring the relationship between types of employee participation and forms of organizational commitment.
- 5.5.2 This study considered only enlisted commercial banks with the Karachi Stock Exchange and New York Stock Exchange while the non-registered were ignored. Therefore, the results may not be generalized over the entire sector.
- 5.5.3 The data, which was obtained from the organizations, was in the shape of perceptual measures of types of employee participation and the forms of organizational commitment. Normally, instead of perceptual measures, the objective measures are more desirable and they particularly are more consistent in outputs (Harel and Tzafrir 1999). But observing the methods for research we are limited to use it.
- 5.5.4 For our research study we used the Questionnaire method which is commonly interpreted. Other methods used for this research study could be group discussions/discussion forum etc.

5.6 Directions for Future Research

Our research indicates that certain types of employee Participation could influence certain forms of organizational commitment; it still does not shed light on the mechanisms through which this is accomplished. Future research directions would include:

- 5.6.1 Different levels of employee participation and their impact on different employee outcomes.
- 5.6.2 Longitudinal studies to establish the causal relationship between the variables.
- 5.6.3 To enhance external validity, future research efforts should obtain a representative sample from more organizations.
- 5.6.4 This study contributes a conceptual model graphically depicting the relationship among types of employee participation and forms of organizational commitment. It also identifies several variables that significantly affect organizational commitment and employee participation in a small sample of participants and suggested others that might be found to be significant in other studies. Future studies by the researchers or others interested in the relationship of these constructs can use this model to formulate new research or increase the generalizability of this study in the banking sector.

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List of Commercial Banks in NYSE

1. Allied Irish Bank Limited
2. Atlantic Bank of New York
3. Banco Popular North America
4. Bank of America
5. Barclay Bank Plc
6. Citibank N.A.
7. Citizens Bank
8. Commerce Bank N.A.
9. Deutsche Bank AG
10. HDFC bank Limited
11. HSBC Bank USA
12. Hudson United Bank
13. Hudson Valley Bank
14. JPMorgan Chase
15. Key Bank N.A.
16. Lloyds Banking Group plc
17. M&T Bank
18. North Fork Bank
19. Signature Bank
20. Sterling National Bank
21. Sun Trust Bank
22. The Bank of New York

23. Union State Bank
24. Wachovia Bank N.A
25. Webster Bank

List of Commercial Banks in KSE

1. First Women Bank Ltd.
2. National Bank of Pakistan
3. The Bank of Khyber
4. The Bank of Punjab
5. Allied Bank Ltd.
6. ArifHabib Bank Ltd.
7. Askari Bank Ltd.
8. Bank Al-Falah Ltd.
9. Bank Al-Habib Ltd.
10. BankIslami Pakistan Ltd
11. Dawood Islamic Bank Ltd.
12. Dubai Islamic Bank Pakistan Ltd
13. Faysal Bank Ltd.
14. Habib Bank Ltd.
15. Habib Metropolitan Bank Ltd
16. KASB Bank Ltd.
17. MCB Bank Ltd.
18. Meezan Bank Ltd.
19. Mybank Ltd.
20. NIB Bank Ltd.

21. Samba Bank Ltd.

22. Silk Bank Ltd.

23. Soneri Bank Ltd.

Annex B**Survey Form**

This questionnaire asks about types of employee participation and employee commitment in your company. Please answer even if you have none or very few forms of participation in your company. Kindly base your answer on the position in your company as a whole in the main country of operations. Please ignore the position in overseas subsidiaries except when questions explicitly refer to these.

The information collected in this questionnaire will be used for academic research. The information you provide will be treated in the strictest confidence and will not be released to any third party.

Thank you for taking the time to assist. It is appreciated.

Komal Khalid Bhatti
PhD Scholar (Human Resource Management)
Mohammad Ali Jinnah University
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If you need to contact us to clarify meaning of any of the questions please contact

Country	Person	E-mail address
Pakistan	Komal Khalid Bhatti	komalkhalidbhatti@gmail.com
Pakistan	Dr. Zafar Mueen Nasir	zfrnasir@yahoo.com

For office use:

Respondent number:

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Part A: Demographics

1. Name of the Organization: _____

Gender	[1] Male	[2] Female
Age	[1] 20-30	[2] 30-40
	[3] 40-50	[4] 50 and above
Qualification	[1] PhD	[2] MS/ Mphil
	[3] Master	[4] Bachelor
Tenure	[1] Less than 1 year	[2] 1 - 2 years
	[3] 2 - 5 years	[4] 5 - 10 years
	[5] 10 & above	
Sector	[1] Public	[2] Private
	[3] Semi Government	
Employment Status	[1] Permanent	[2] Contractual
	[3] Temporary	

Part B: Financial Participation

2. Do you have any of the following types of financial participation scheme for employees in your company? *(More than one answer is possible)*

	For management only	For management and selected staff only	For all or most employees
Profit sharing scheme	-1-	-2-	-3-
Share Ownership	-1-	-2-	-3-
Other (Please specify):	-1-	-2-	-3-
None	-1-	-2-	-3-

If you have answered “yes” to profit sharing in columns “2” and “3” of Q 2 please answer question Q 3. Otherwise proceed to Q 13. If you have answered “no” to all types of financial participation please proceed to PART C. Please go to Q 21

a. Profit Sharing

3. How long does an employee have to be employed in the company to be eligible for profit sharing schemes?

- i) Less than 1 year ii) 1 – 2 Years iii) 2 – 3 Years
iv) 3 – 4 Years v) More than 4 Years

4. What proportion of employee received a profit shares in the most recent profit share allocation?

- i) Less than 20% ii) 20% - 40% iii) 40% - 60%
iv) 60% - 80% v) More than 80%

5. Profit is shared on following bases:

Individual	Group
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6. How profit shares are distributed to employees?

(Please tick as appropriate. More than one answer is possible)

Equality	-1-
Linked to salary level	-2-
Linked to job grade of position	-3-
Linked to length of employment	-4-
Linked to employment type (Full- time/ part- time etc)	-5-

7. How important are the following objectives in your company's use of profit sharing on a scale from 1 (not at all important) to 5 (very important)

	Not at all important	Very modest important	Some important	Quiet important	Very important
To increase productivity	-1-	-2-	-3-	-4-	-5-
To attract suitable recruit to the company	-1-	-2-	-3-	-4-	-5-
To increase employee affection with the company	-1-	-2-	-3-	-4-	-5-
To make difficult for employees to leave the company	-1-	-2-	-3-	-4-	-5-
To make employees to feel an obligation to remain with company	-1-	-2-	-3-	-4-	-5-
To show the employees that company value them	-1-	-2-	-3-	-4-	-5-

b. (Share Ownership)

If your company offers share ownership plans to employees. Otherwise proceed to Part D

13. What proportion of employees received share rewards in the most recent granting of share ownership?

- i) Less than 1 year ii) 1 – 2 Years iii) 2 – 3 Years

- iv) 3 – 4 Years v) More than 4 Years

14. Is size of Share ownership linked to any of the following? (Please tick as appropriate)

Equal to all employees	-1-
Linked to salary level	-2-
Linked to job grade or position	-3-
Linked to length of employment	-4-
Linked to employment type (full-time/ part-time etc.)	-5-
Employee chooses	-6-

15. How important are the following objectives in your company's use of Share ownership on a scale from 1 (not at all important) to 5 (very important)

	Not at all important	Very modest important	Some important	Quiet important	Very important
To increase productivity	-1-	-2-	-3-	-4-	-5-
To attract suitable recruit to the company	-1-	-2-	-3-	-4-	-5-
To increase employee affection with the company	-1-	-2-	-3-	-4-	-5-
To make difficult for employees to leave the company	-1-	-2-	-3-	-4-	-5-
To make employees to feel an obligation to remain with company	-1-	-2-	-3-	-4-	-5-
To show the employees that company value them	-1-	-2-	-3-	-4-	-5-

Part C: Direct Participation

a. Delegative Participation

S#		Not at all	Very modest	Somewhat satisfactory	Quiet satisfactory	Very much Satisfied
21.	Influence of employees on short-term decisions.	-1-	-2-	-3-	-4-	-5-
22.	Influence of employees on short-term decisions related to allocation of tasks.	-1-	-2-	-3-	-4-	-5-
23.	Influence of employees on short-term decisions related to choice of method of working.	-1-	-2-	-3-	-4-	-5-
24.	Influence of employees on short-term decisions related to choice of work pace.	-1-	-2-	-3-	-4-	-5-
25.	Influence of employees on short-term decisions related to choice and use of					

	equipment and machines.	-1-	-2-	-3-	-4-	-5-
26.	Amount of general control by employees	-1-	-2-	-3-	-4-	-5-

b. Consultative Participation

27.	Number of regular meetings with supervisors per month.	-1-	-2-	-3-	-4-	-5-
28.	Are you satisfied with the number of regular meetings with supervisors per month.	-1- Not at all	-2-	-3-	-4-	-5- Highly Satisfied
29.	Are you satisfied with the extend of attitude surveys perform in your company?	-1- Not at all	-2-	-3-	-4-	-5- Highly Satisfied
30.	Are you satisfied with the employee's suggestion plans by supervisors?	-1-	-2-	-3-	-4-	-5-

Part D: Indirect Participation

31.	To what extend decisions are made by employee unions.	-1- Not at all	-2-	-3-	-4-	-5- Very much
32.	Are you satisfied with the extend decisions are made by employee unions	-1- Not at all	-2-	-3-	-4-	-5- Highly Satisfied
33.	To what extend decisions are made by Worker Director.	-1- Not at all	-2-	-3-	-4-	-5- Very much
34.	Are you satisfied with the extend decisions are made by worker director in their board of governance	-1- Not at all	-2-	-3-	-4-	-5- Highly Satisfied

Part E: Organizational Commitment

a. Affective Commitment

S#		Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
35.	I would be very happy to spend the rest of my career in this organization.	-1-	-2-	-3-	-4-	-5-
36.	I really feel as if this organization's problems are my own.	-1-	-2-	-3-	-4-	-5-
37.	I do not feel like "part of the family" at my organization.	-1-	-2-	-3-	-4-	-5-
38.	I do not feel "emotionally attached" to this organization.	-1-	-2-	-3-	-4-	-5-
39.	This organization has a great deal of personal meaning for me.	-1-	-2-	-3-	-4-	-5-

40	I do not feel a strong sense of belonging to my organization.	-1-	-2-	-3-	-4-	-5-
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b. Continuance Commitment

S#		Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
41.	It would be very hard for me to leave my organization right now, even if I wanted to	-1-	-2-	-3-	-4-	-5-
42.	Too much of my life would be disrupted if I decide to leave my organization right now.	-1-	-2-	-3-	-4-	-5-
43.	Right now, staying with my organization is a matter of necessity as much as desire	-1-	-2-	-3-	-4-	-5-
44.	Believe that I have too few options to consider leaving this organization.	-1-	-2-	-3-	-4-	-5-
45.	One of the few negative consequences of leaving this organization would be the scarcity of available alternative.	-1-	-2-	-3-	-4-	-5-
46.	If I had not already put so much of myself into this organization, I might consider working elsewhere.	-1-	-2-	-3-	-4-	-5-

c. Normative Commitment

S#		Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
47.	I do not feel any obligation to remain with my current employer .	-1-	-2-	-3-	-4-	-5-
48.	Even if it were to my advantage, I do not feel it would be right to leave my organization now.	-1-	-2-	-3-	-4-	-5-
49.	I would feel guilty if I left my organization now.	-1-	-2-	-3-	-4-	-5-
50.	This organization deserves my loyalty.	-1-	-2-	-3-	-4-	-5-
51.	I would not leave my organization right now because I have a sense of obligation to the people in it.	-1-	-2-	-3-	-4-	-5-
52.	I owe a great deal to my organization	-1-	-2-	-3-	-4-	-5-

Thank You for Your Cooperation

Scatter Diagrams

Relationship between Types of Employee participation and Forms of Organizational Commitment

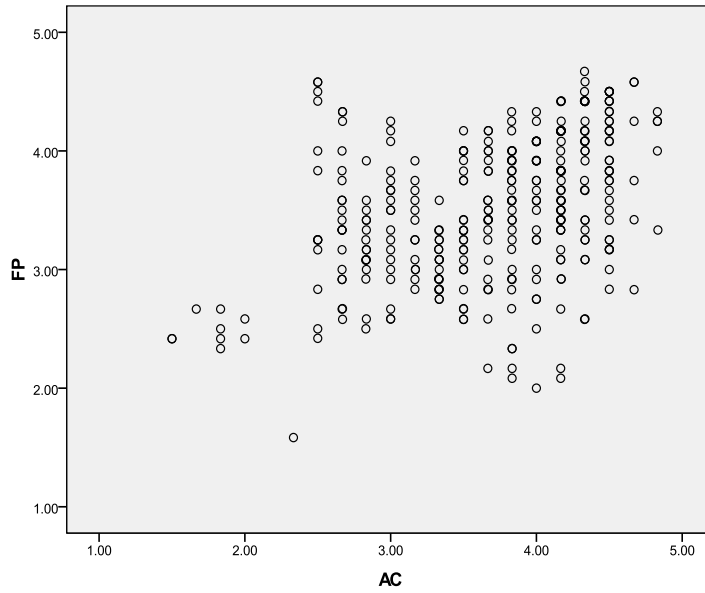


Figure # 1 Relationship between Financial Participation and Affective Commitment

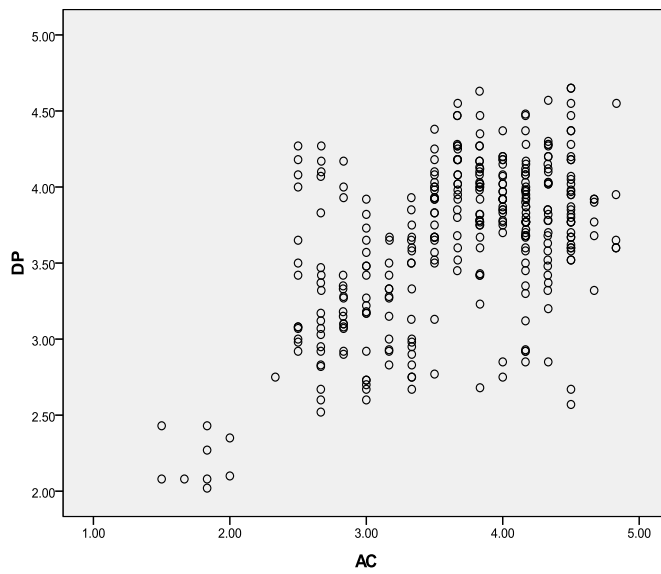


Figure # 2 Relationship between Direct Participation and Affective Commitment

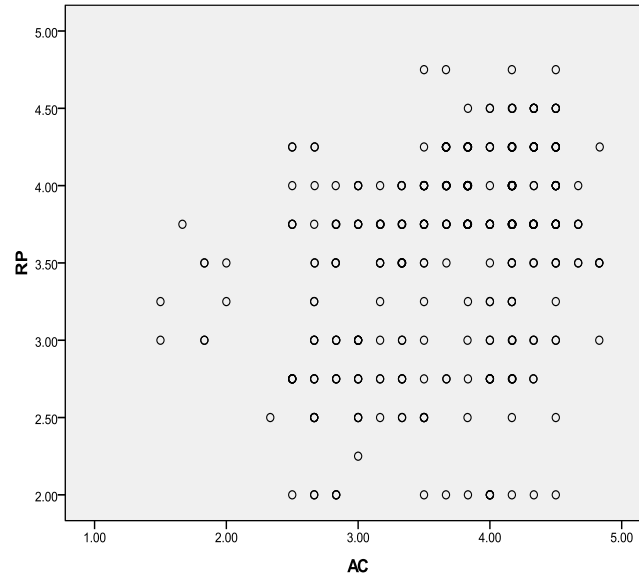


Figure # 3 Relationship between Representative Participation and Affective Commitment

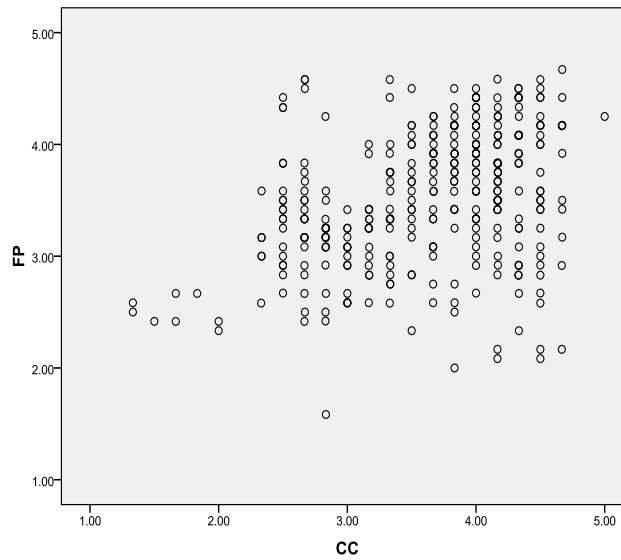


Figure # 4 Relationship between Financial Participation and Continuous Commitment

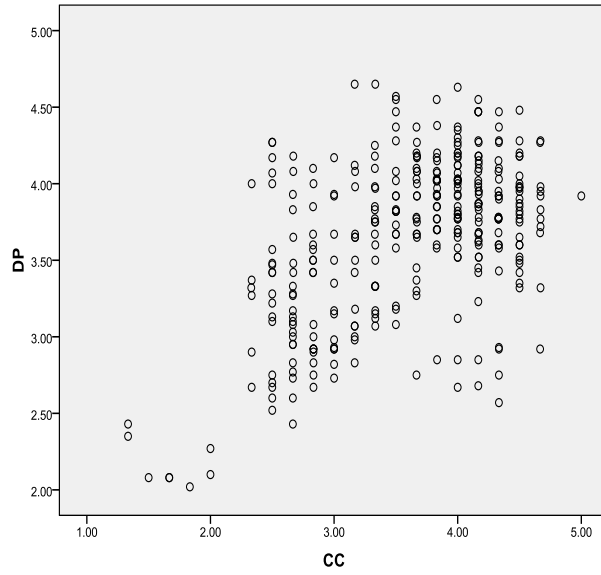


Figure # 5 Relationship between Direct Participation and Continuous Commitment

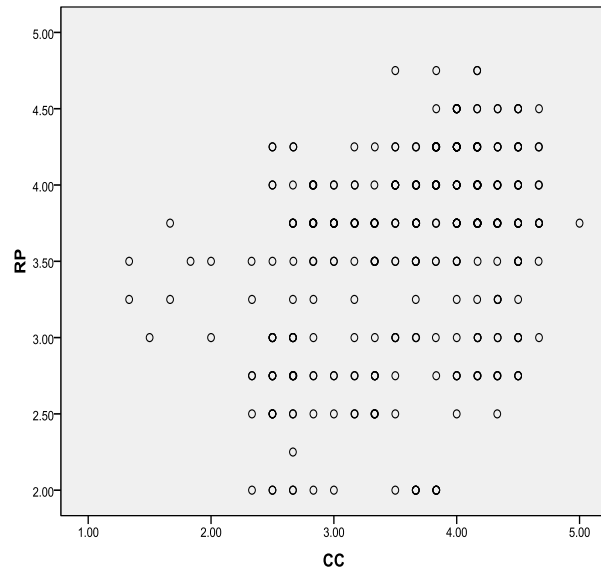


Figure # 6 Relationship between Representative Participation and Continuous Commitment

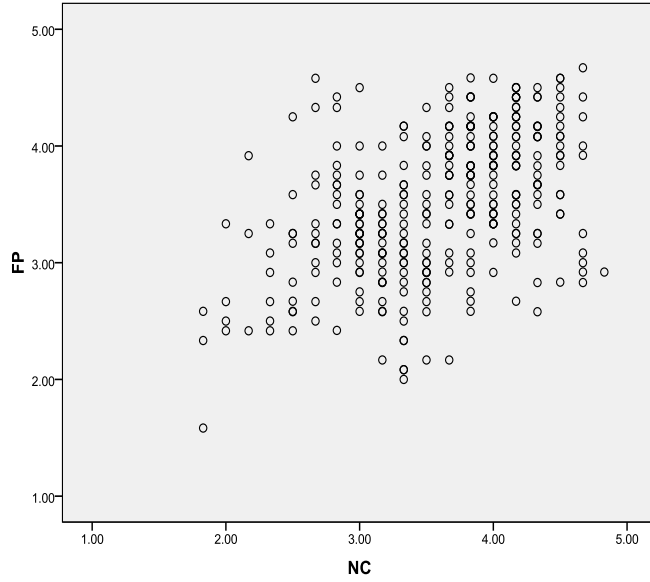


Figure # 7 Relationship between Financial Participation and Normative Commitment

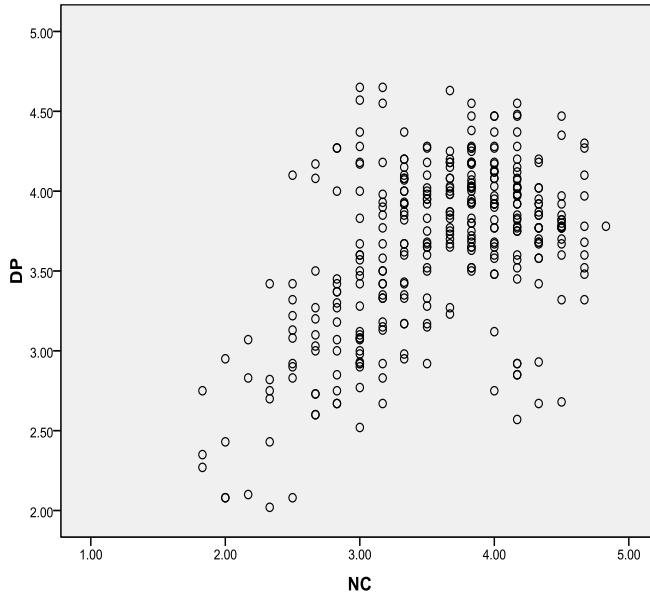


Figure # 8 Relationship between Direct Participation and Normative Commitment

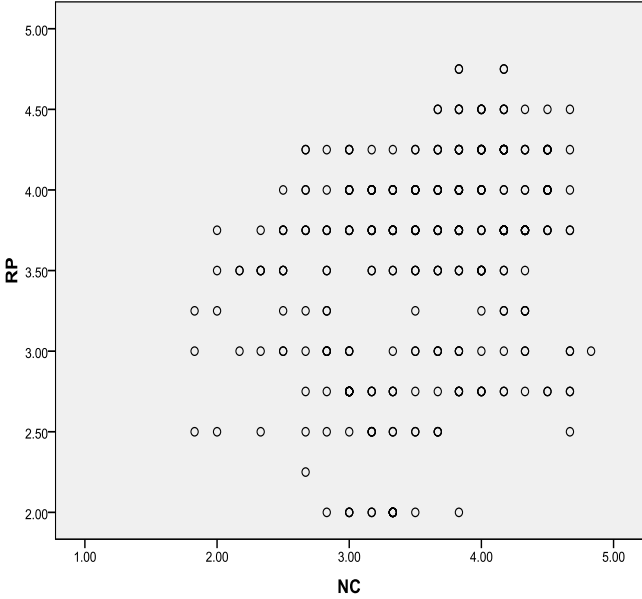


Figure # 9 Relationship between Representative Participation and Normative Commitment

Scatter Diagrams for Pakistani Data

Figure (a)

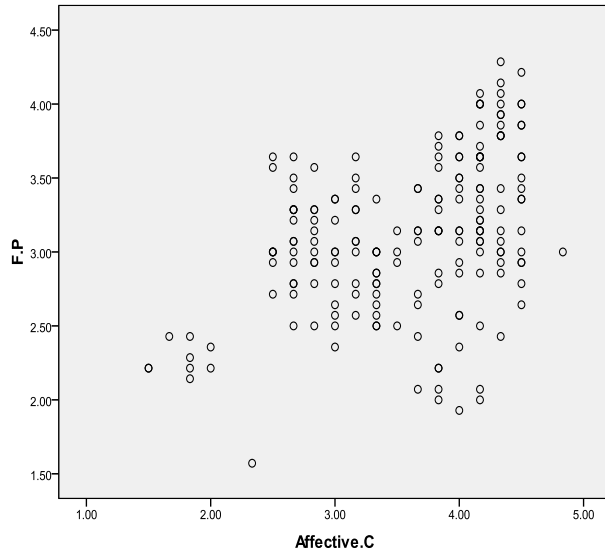


Figure (b)

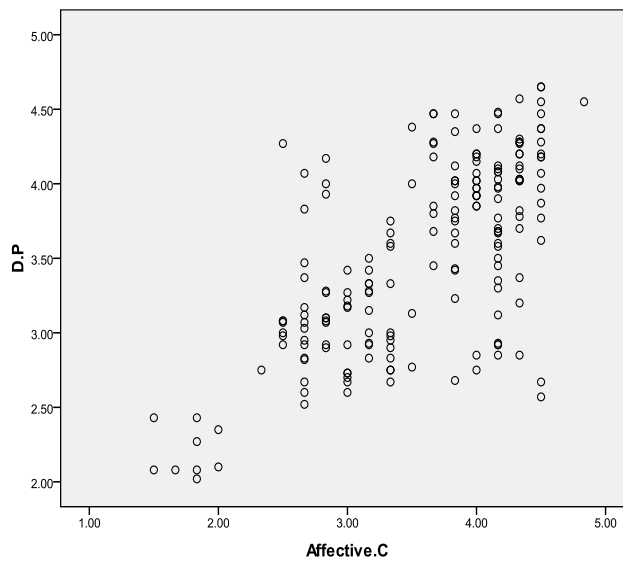


Figure (c)

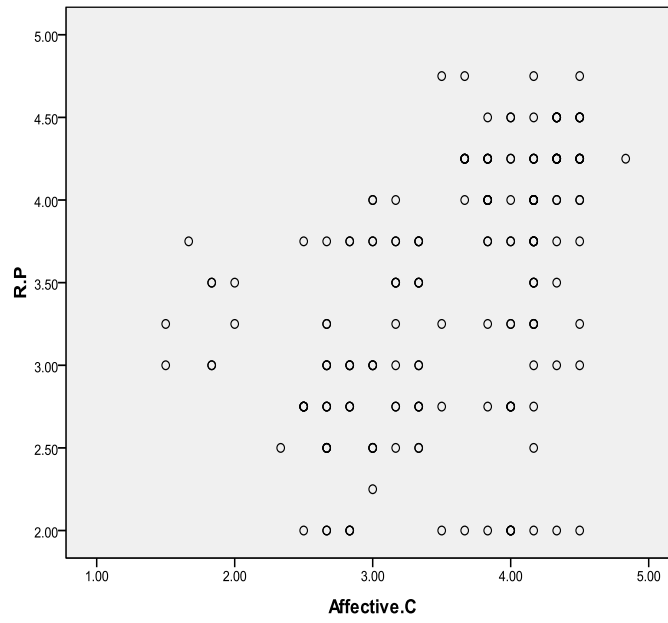


Figure (d)

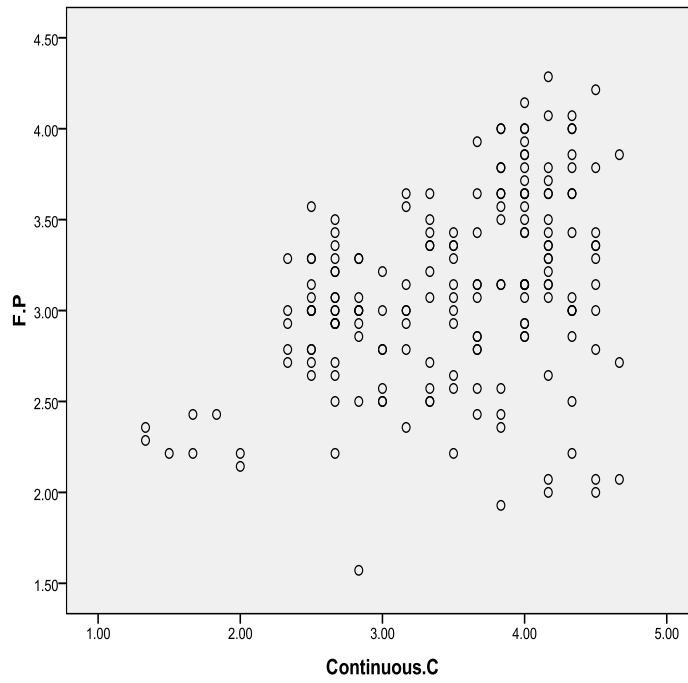


Figure (e)

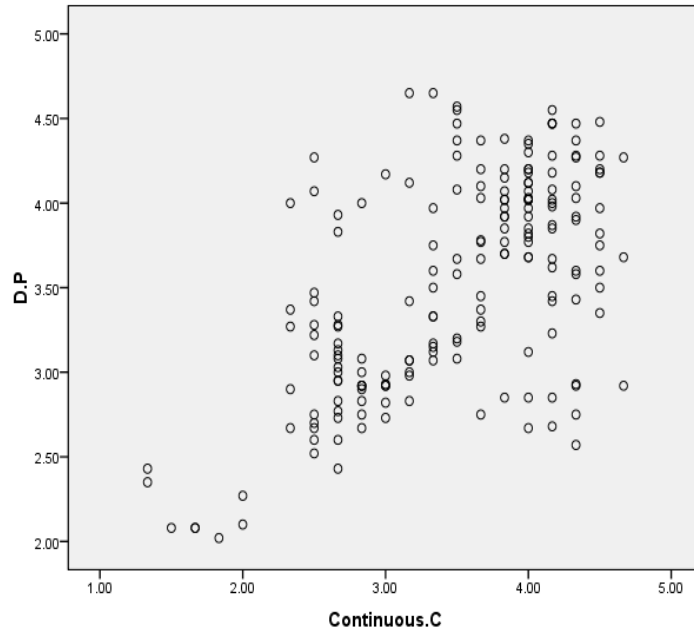


Figure (f)

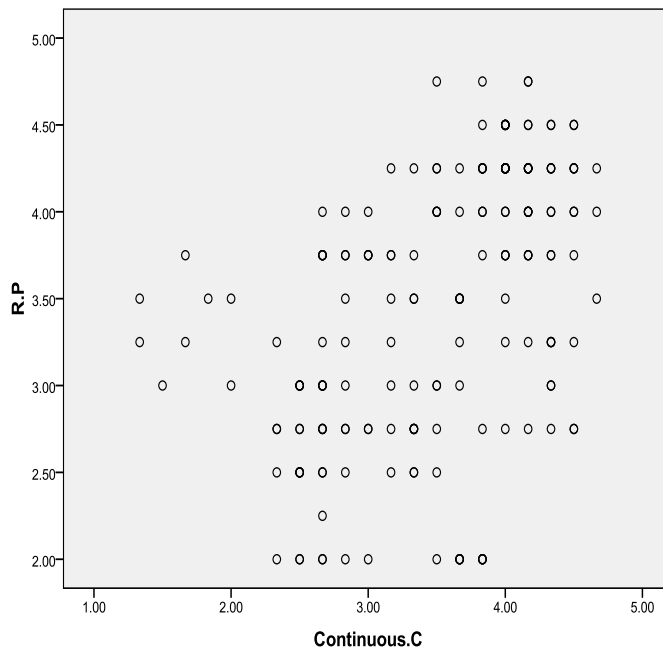


Figure (g)

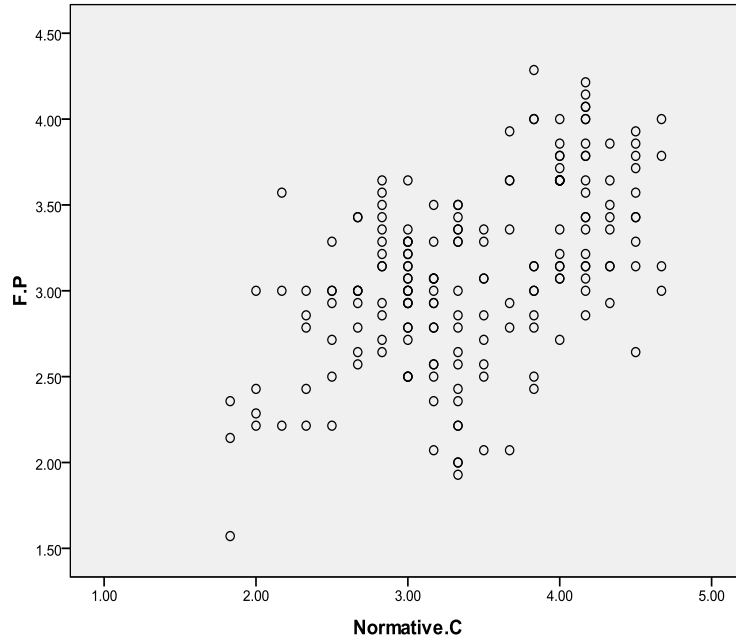


Figure (h)

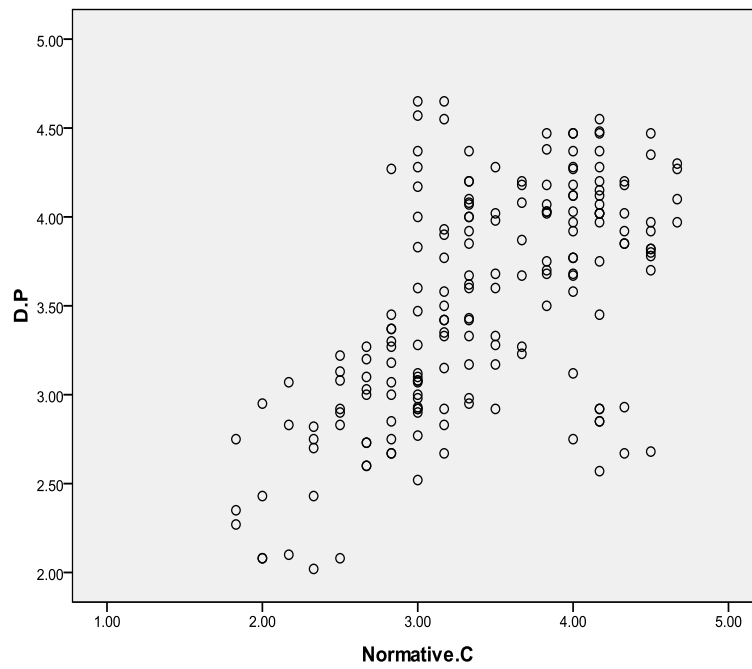
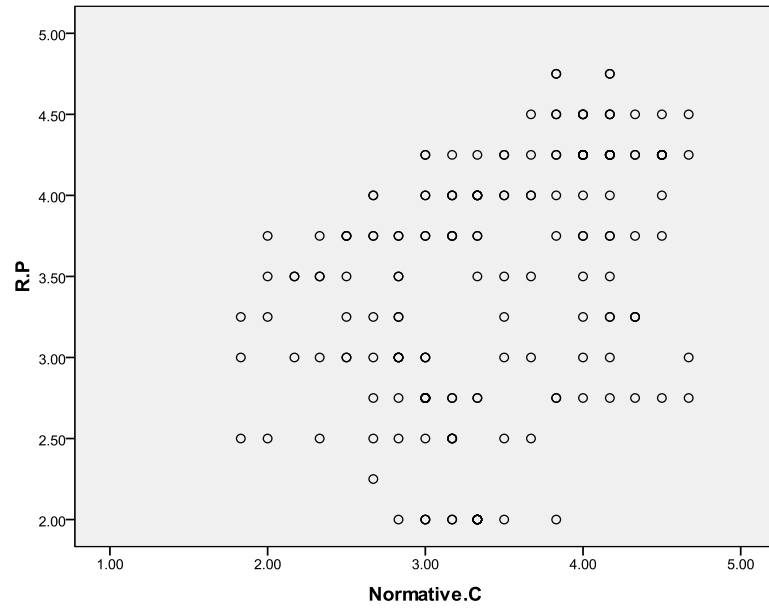


Figure (i)



Scatter Diagrams for American Data

Figure # 4.10

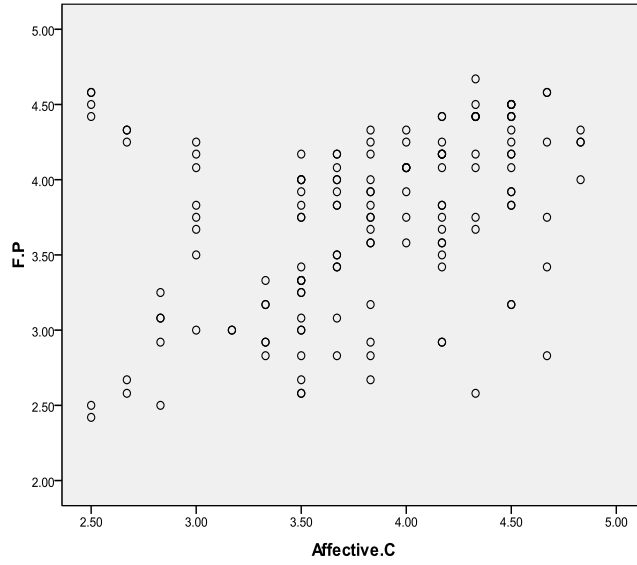


Figure # 4.11

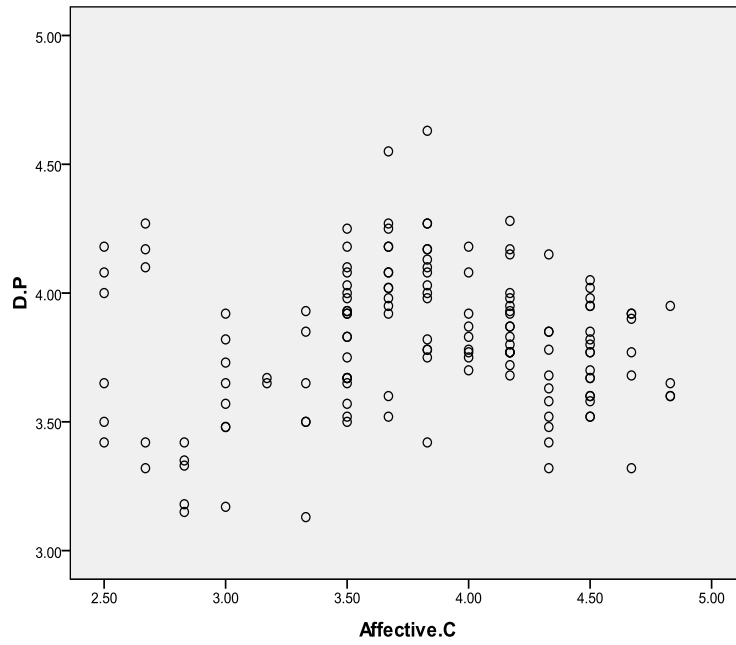


Figure # 4.12

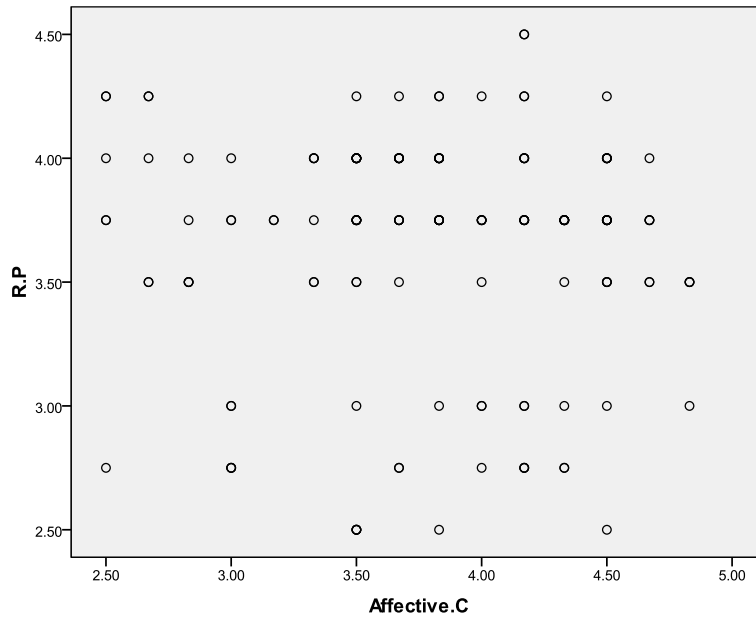


Figure # 4.13

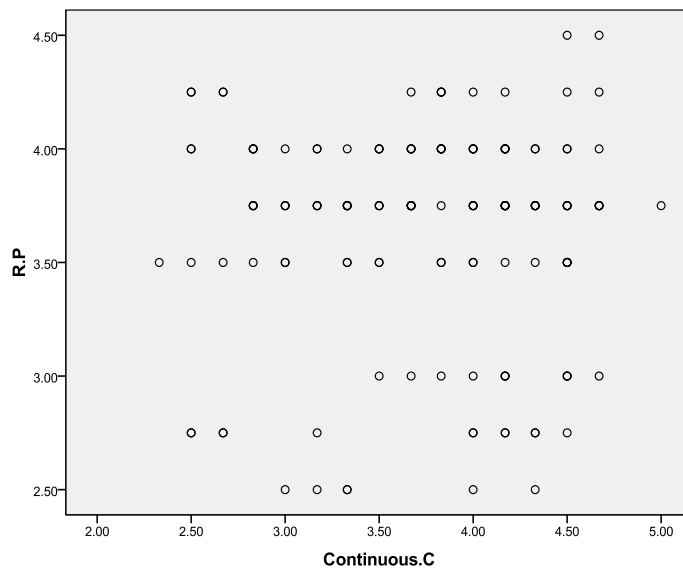


Figure # 4.14

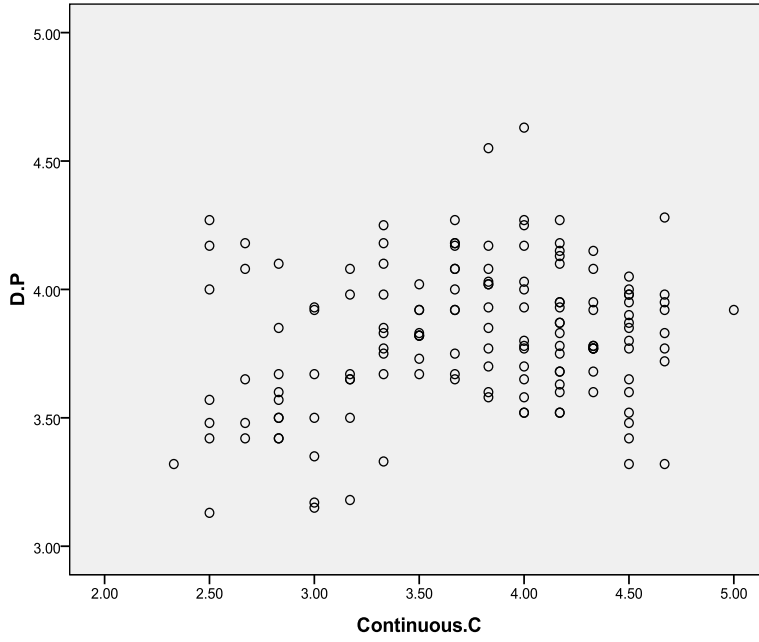


Figure # 4.15

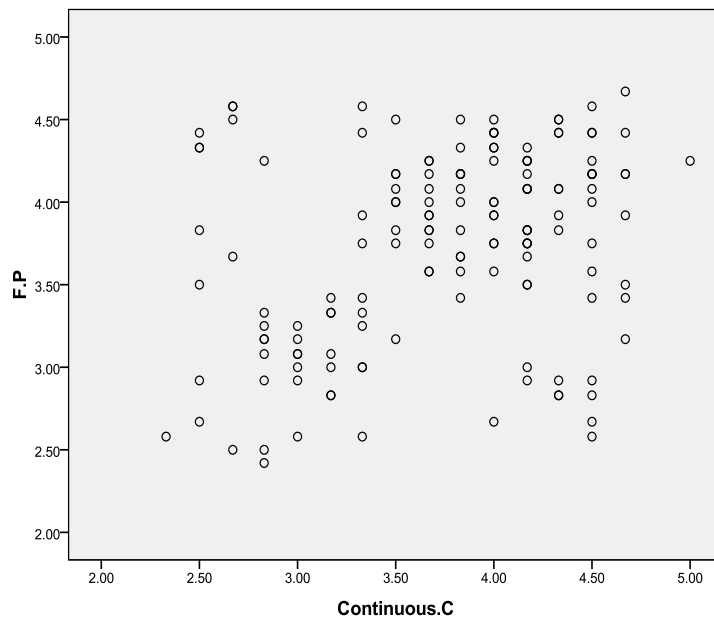


Figure # 4.16

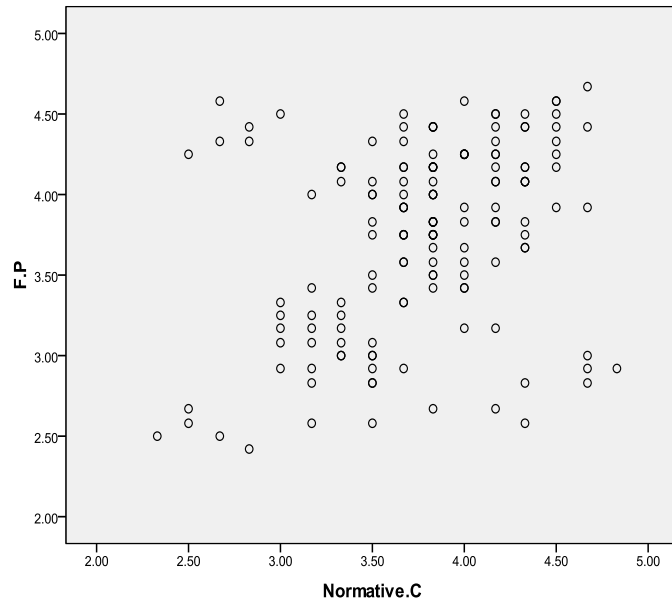


Figure # 4.17

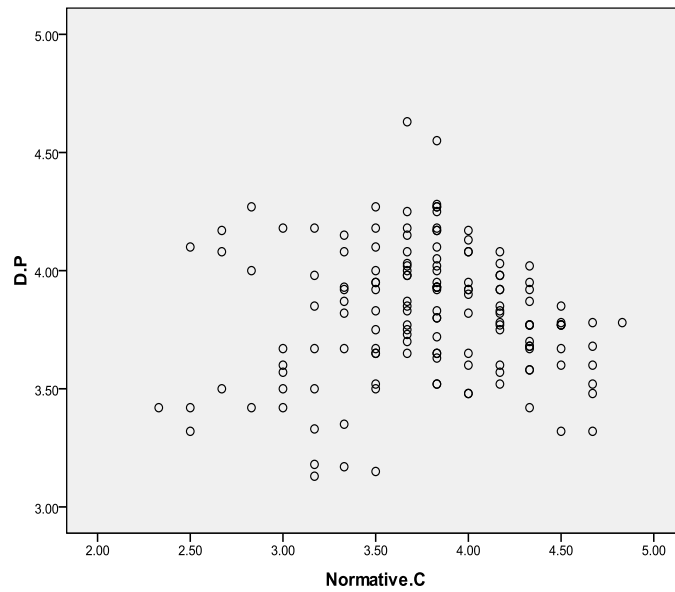
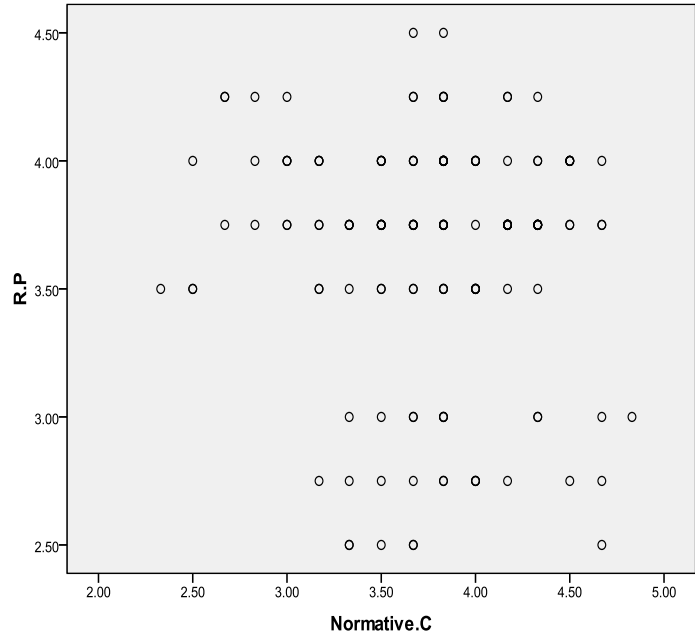


Figure # 4.18



Ramsey Reset Test

Table (a): Ramsey Reset Test for Equation # 2

F-Statistics	4.790	Prob.F (5,271)	0.0016
Log Likelihood Ratio	28.727	Prob.Chi Square (6)	0.0069
Variable	Coefficient	Std.Error	T-Statistics
F.P	234.27	1017.51	0.23
D.P	405.32	1756.18	0.23
R.P	116.33	519.07	0.22
F.P x D.P	572.15	2482.1	0.23
F.P x R.P	116.33	519.07	0.22
D.P x R.P	89.28	377.11	0.23
FITTED^2	234.02	1177.73	0.19
FITTED^3	146.22	870.90	0.16
FITTED^4	46.69	340.44	0.13
FITTED^5	7.96	74.215	0.10
R square	0.942	Mean Dependent Var	0.350
Adjusted R square	0.931	S.D Dependent Var	0.572

Table (b): Ramsey Reset Test for Equation # 4

F-Statistics	5.084	Prob.F (6,241)	0.0028
Log Likelihood Ratio	31.745	Prob.Chi Square (4)	0.0074
Variable	Coefficient	Std.Error	T-Statistics
F.P	242.926	729.072	0.23
D.P	313.569	978.571	0.29
R.P	197.187	519.897	0.25
F.P x D.P	891.615	37.479	0.24
F.P x R.P	510.701	578.424	0.24
D.P x R.P	117.735	397.119	0.22
FITTED^2	289.547	3190.517	0.28
FITTED^3	177.413	587.579	0.24
FITTED^4	96.474	370.811	0.22
FITTED^5	37.641	176.048	0.17
R square	0.912	Mean Dependent Var	0.471
Adjusted R square	0.904	S.D Dependent Var	0.271

Table (c): Ramsey Reset Test for Equation # 6

F-Statistics	7.571	Prob.F (7,472)	0.0031
Log Likelihood Ratio	19.554	Prob.Chi Square (4)	0.0038
Variable	Coefficient	Std.Error	T-Statistics
F.P	377.11	118.311	0.17
D.P	187.24	870.981	0.22
R.P	2482.1	315.445	0.24
F.P x D.P	519.07	107.517	0.28
F.P x R.P	387.91	574.158	0.22
D.P x R.P	1177.73	176.187	0.24
FITTED^2	497.92	978.071	0.24
FITTED^3	370.71	578.074	0.25
FITTED^4	169.15	377.11	0.29
FITTED^5	87.71	187.248	0.17
R square	0.972	Mean Dependent Var	0.592
Adjusted R square	0.964	S.D Dependent Var	0.361

Table (d): Ramsey Reset Test for Equation # 8

F-Statistics	9.687	Prob.F (2,983)	0.0018
Log Likelihood Ratio	17.487	Prob.Chi Square (5)	0.0069
Variable	Coefficient	Std.Error	T-Statistics
F.P	591.72	168.15	0.24
D.P	576.57	826.17	0.24
R.P	897.81	418.41	0.22
F.P x D.P	325.45	247.80	0.28
F.P x R.P	117.17	324.58	0.25
D.P x R.P	524.58	246.17	0.29
FITTED^2	770.87	498.54	0.17
FITTED^3	618.71	348.04	0.42
FITTED^4	528.49	217.41	0.30
FITTED^5	135.27	107.18	0.47
R square	0.984	Mean Dependent Var	0.612
Adjusted R square	0.971	S.D Dependent Var	0.593